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Blasco Ibanez Violently Attacks Spanish Dictatorship*

By V. BLASCO IBANEZ

Author of *The Four Horsemen of the Apocalypse* and other novels;
eminent Spanish publicist

THE reader knows that for the past two years Spain has been without parliamentary government or press. The country is under the rule of a capricious military dictatorship, which exercises its authority as it is guided by its whims, and only thinks of government according to law when the law happens to agree with its own selfish aims. The only newspapers published are subject to a careful and rigid censorship by scions of the military dictator, who never permit the least adverse criticism of the military dictatorship. One need only glance at any one of the papers published in Spain to see an example of this. All those papers that are not slavish followers of the Government leave large blank spaces with the inscription: "This paper has been examined by the military censor." This means that in this space there was an article which was offensive to the Government and which has consequently been suppressed by the representatives of militarism.

Accustomed as Primo de Rivera has been for more than two years to utter the grossest falsities and to make the most exaggerated statements he can think of, he has acquired the habit of departing from the truth, and I see that he even has the audacity to tell the same lies through the New York press that he tells in Madrid.

In these pages I shall attempt to refute all that this ridiculous unthinking man has said. I have been a republican all my life. I have never received any favors from any Government, nor have I ever taken a cent from the State. Thus, I can speak with authority about what Primo de Rivera calls the "old régime," and I can discuss with the same authority the Ministries which Alfonso XIII appointed until 1923. By what right does Primo de Rivera speak of the corruption of past Governments when he himself is a product of those very Governments, created in their exact image, arisen from their ashes and owing everything to this so-called "old régime"?

Primo de Rivera, "his uncle's own nephew," is a creature of favor and intrigue, and to them he owes his career. To them he also owes the title of Marquis

*This article was written by Señor Ibáñez for CURRENT HISTORY as a reply to the contribution by General Primo de Rivera, Spanish Premier, which was published in CURRENT HISTORY, March, 1926.

of Estella, which he so pompously parades before the public. The "old régime" graciously bestowed this title upon him free from taxation as an inheritance from his uncle, thus depriving the State Treasury of funds which rightfully belonged to it.

Since it was scandalous that Spain should have kept a government of Generals for so long a time, he did as a theatrical director does when he is looking for actors to fill certain parts—he looked for and found four young political wrecks, remnants of the "old régime," in order in this way to deceive public opinion abroad and make it appear that he had a civilian government. People in Spain are saying among themselves (since it is impossible to use the press) that Primo de Rivera treats these civilian Ministers with military gruffness. The Spanish people have given the Ministers the nickname "orderlies," as if they were subordinates of the Generals who are directing the Government.

The civilian members of his Government, which Primo de Rivera calls "first class" and which he claims is ostensibly made up of political newcomers, is, as a matter of fact, an outgrowth of old parties. Yanguas, Minister of Foreign Affairs, was of Santiago de Alba's party, and a Conservative; Sotelo was a Maurist, Aunoz a Regionalist, Ponte a Republican of the Centre. Where are the new men? Primo de Rivera has used the foundations of the old parties and has enlisted the few deserters who agreed to the downfall of the old Government in exchange for a Minister's portfolio. National unity is absolutely destroyed, and the Spanish people certainly look with contempt upon this party formed by the military dictatorship.

CORRUPT GOVERNMENT

There has never before been such wholesale corruption in the administration of public affairs. Nothing like it has ever been known. Since there is neither Parliament nor press to protest, thieving continues unchecked. A conspicuous example of this is the railroad from Ontaneda to Calatayud, subsidized by the Government, which set aside all the regulations laid down by the engineers. A copy of the franchise issued to permit the construction



P. & A. Photos
VICENTE BLASCO IBÁÑEZ

of this road may be found in the Commercial Registry, so that all may see this document, which is public property. This project requires 23,000,000 pesetas to be set aside for those who favored the grant of this franchise. Since the King and Primo de Rivera gave these rights, the only possible conclusion is that they both received the greater part of the gift of 23,000,000 pesetas. If not, then let them explain who did receive the 23,000,000 pesetas.

In each district, equal in size to a county of one of the States of the United States, there is a representative of the Government who wields a most rapacious tyranny. The pillage and plunder of these men are notorious. In some provinces the officials, ashamed of the knavery of their comrades, have requested their resignation and expulsion from the army, but Primo de Rivera and his coterie of Generals turned a deaf ear to them in order to avoid scandals.

Primo de Rivera, who is always looking

for new titles, recently sought to have himself appointed honorary Colonel of the Artillery Corps, in order by this means to show his popularity in the army. The officers of this corps, however, voted by a vast majority against bestowing this honor upon him.

In reality the intelligent members of the army despise and detest this petty tyrant even more than does the general public. He lavishes all military honors upon his friends and upon the relatives of Generals friendly to him. Primo de Rivera has presented himself with the Grand Cross of Saint Ferdinand, an honor that carries with it an annual stipend of 20,000 pesetas. Alfonso XIII hates him and would gladly be rid of him. The King notices his growing unpopularity in the army, and together with other Generals awaits the opportunity to strip him of his power.

Since September, 1923, when Primo de Rivera carried out his coup d'état, he has increased Spain's national debt by more than 2,000,000 pesetas. Millions upon millions are wasted upon the caprices of this spendthrift. This mismanagement of public funds is beyond the laws of accounting, which heretofore have always regulated national expenditures. In its demand for money the military Government has disposed of funds deposited in the State Treasury by public enterprises. One of those companies whose money has been squandered is the American Telephone Company. Primo de Rivera pays salaries and gives gratuities in a manner never known under the old régime, and the latter certainly was not a model worthy of imitation. There is no necessity for special laws or regulations for anything. The only



GENERAL PRIMO DE RIVERA
From a portrait by Mezquita

necessity is to be a friend of Primo de Rivera and you can accomplish anything.

Today Spain has one more Colonel than Germany had before the war. The commanding officers and subalterns that Spain now has are so many that she could send forth an army greater than that of the Allies of the World War (France, England, Belgium, United States, Italy, Serbia, Rumania and Portugal) and even then there would be plenty of Generals, Colonels, Majors and Captains at the disposal of the neutral countries. The chief section of the headquarters of the Spanish Ministry of War, or the number of military men assigned to office work, includes at the present time more Generals and Colonels than are now in command of the French Army.

FINANCIAL CRISIS

The peseta has lost 40 per cent. of its value in relation to the dollar and pound under the tyranny of Primo de Rivera. Although, relatively speaking, Spain was quite prosperous after the war, she is now passing through a terrific commercial and industrial crisis. Banks are failing at the rate of one a month. The majority of factories work only two or three days a week. The Government has no resources. There will be another issue of bonds. It is just fumbling along. The banks refuse to guarantee to float the loan or to subscribe to it, because Primo de Rivera's last bond issue was so difficult to float that they finally had to dispose of the bonds at a lower price than they had originally paid for them.

Strictly speaking, we govern no more of Morocco than the land conquered by our troops. Next Spring's campaign will be very bloody and costly and will attain no definite results. At this time there are in Africa more soldiers than ever before—225,000—and the worst of it is that this is not enough. The war costs more than 300,000,000 pesetas a month.

Primo de Rivera deliberately lies when he talks of economics. He knows perfectly well that, even if he wanted to, he could not reduce the Spanish national budget, a thing so necessary if the country is to continue to exist. The most important reduction should be made in the war budget, the heaviest of all. A military government, however, cannot afford to reduce the number of Generals and officers without falling within twenty-four hours.

Americans should bear in mind, when reading news of Spanish affairs, that three-quarters of the budget is used for the maintenance of the army and to meet the interest on the public debt. Only one-fourth of the budget is left for the most crying needs of the nation. Thus, there is no encouragement of education and industry—a stimulus which the country needs.

The internal problems of Spain have become more serious. In Catalonia everybody speaks Catalan and refuses to speak Spanish because of hatred of Primo de Rivera, who grossly deceived the people. Several million Spaniards living in Catalonia

despise Spain, because of Primo de Rivera and his Generals.

The League of Nations understands the situation in Spain; therefore it does not desire Spain as a permanent member of the Council. I am sure, were conditions different, and were my country governed by a civilian and democratic Government, the League of Nations would welcome us.

Although the League of Nations gave other reasons, it is really because of the present situation in Spain that the Spanish Minister Yanguas was received with such marked hostility at Geneva—and Yanguas went there thinking that Geneva was Primo de Rivera's Madrid. Yanguas's position as Assistant Minister to Primo de Rivera was rendered extremely ridiculous by his trip to Geneva. As the Spanish Ambassador Quiñones de Leon, through his activity in connection with the League, knows the League's aversion to military dictatorships, he made no secret of his opposition to Yanguas's trip to Geneva.

The United States is the country of Washington, a man conspicuous for his uprightness of conscience, who never exploited his successes at the expense of his country's freedom, and always respected the law and the rights of his fellow-citizens. I can imagine what my American readers will think of Primo de Rivera, a General who never won a victory, who, in the past as in the present, has only defeats to his credit. Moreover, he is making use of arms and patronizing men paid by the Spanish nation in order to keep that nation in vile and silent servitude.

For more than three years Spain has been without a Parliament. The local Governments, elected by the people, were thrown out, and now the municipal Governments are composed of friends of the Military Government and appointed by it. There is no right of free assembly. The Military Dictator suppresses all organizations which interfere with his purpose without deeming it necessary to explain at all. If, at a banquet of a harmless literary society, an after-dinner speaker ridicules the Military Dictator and his Government, the members are persecuted as if they had been participants in a revolutionary meeting. I have already said that

there is no press. The newspapers before going to press are censored by Primo de Rivera's men.

As a Spaniard I greatly deplore this state of affairs. In my own country I appear as a revolutionary, because my country at present has no freedom and its governing powers are fostering barbarity and economic ruin. In the United States, in France, in any other country I should probably be called a conservative. I am simply a republican who wants to see in his country a system similar to that of the United States. I would like to see in Spain only a sufficient number of soldiers necessary to preserve law and order in the community. I want to see the greater part of the budget devoted to the building and maintenance of a large number of schools. I should like a government of liberty and democracy within the present social structure, without any attack on private property. I have always believed in the possibility of a Spanish republic, cultured, industrious and distinguished, and at the

same time well ordered and progressive, of sufficient prestige to sit down with the most peaceful existing republics.

As long as I see the present situation continuing in Spain I tremble for the future of my country under the terrible and grotesque tyranny of Primo de Rivera and the apparent subservience of Alfonso XIII, who seems to be in league with a dictator whom it has until now been impossible to overthrow.

No country can put up with this carnival of lies very long—lies told cynically with the assurance that no one can refute them—continual robbery, an interminable war abhorrent to a large majority of Spaniards, which will finally consume all their resources. Such was the state of affairs in Russia under the rule of the Czars.

If these abnormal conditions continue much longer, then some day, when they come to an end, the republic will be a much-delayed solution and my poor country will meet with the same chaotic cataclysm that struck down Russia.

Morocco a Danger Spot in World Politics

By PIERRE CRABITES

A Judge of the Egyptian Mixed Tribunals, representing the United States

WHEN Gambetta said, after one of his political victories, "Now that the battle has been won the fight will begin"—or words to that effect—he drew a picture of what may possibly be developing in Spain at the present moment. For centuries the Spaniards have had their eye on Morocco. They have now got their fist there. Some of their writers describe Tangier as the Spanish Fiume. Such language spells agitation. The French say that *l'appétit vient en mangeant* (appetite comes with eating). Spain has now begun to eat the morsel of victory. She had not partaken of this fare for ages. The new sensation and a slogan ready for use may mean nothing or imply a great deal. At all events, England and France are apt to look

askance upon the creation of a new Fiume.

But while Iberian troops were wrestling with Abd-el-Krim, things were not quiet in Spain, or rather they were too pacific. They were oppressively, ominously and ostentatiously somnolent. The censor was ubiquitous, inquisitorial and triumphant. And yet under this placid exterior of temperamental anemia a bitter political battle was waging. It was all underground. The main personalities who moved about in the subway were the King, Blasco Ibáñez, Conde de Romanones and Primo de Rivera. And they are still playing the same parts.

Blasco Ibáñez is the well-known author of *The Four Horsemen of the Apocalypse*. He writes most entertaining novels depicting heroic deeds, but he dare not put

his foot on Spanish soil. He makes his headquarters in Paris and from there sends out political pamphlets attacking the King. They abound in vituperation, vilification and vindictiveness, and are bereft of objective criticism. They are, nevertheless, excluded from Spain and, as forbidden fruit, acquire a lusciousness which is purely artificial.

Conde de Romanones is the head of the Liberty Party, an ex-Prime Minister, a Grandee of Spain and one of the country's largest taxpayers. He is bitterly opposed to the present Government. But his great wealth and his political astuteness taught him to be extremely careful how he expressed himself. In the Spring of 1924 he published a very able piece of campaign literature entitled *Las Responsabilidades del Antiguo Regimen*. In it he attacked no one. He simply defended himself. Between every line of his treatise, however, stood out its one dominant note: The politicians of the country have since 1874 given the country the kind of Government the people wanted. Not a word did the book say against anybody. It would seem, nevertheless, that the Count has recently lost this extreme delicacy of touch. In the Summer of 1926 the police took him in charge. He was tried and convicted. The world has learned few details of what happened. All it has heard is that an abortive military uprising failed and that Conde de Romanones was fined approximately \$80,000. The censorship has exercised so methodical a scrutiny that practically no particulars are known as to what is supposed to have occurred.

Primo de Rivera has been the absolute master of his country since Sept. 13, 1923. He was educated in the atmosphere of the camp by his uncle, the Marques de Estella, who was Captain General of the Philippines when Aguinaldo made his final stand. During the great war he was assigned to British headquarters. When he returned to Spain he became Captain General of Cadiz. While there he delivered a lecture in which he urged that Spain transfer Ceuta to England in return for Gibraltar. Such a proposal implied the abandonment of Morocco. It therefore created so great a stir that the Government de-

prived Primo de Rivera of his billet. But his friends did not remain idle, and shortly thereafter he became Captain General of Madrid and retired from the lecture platform. In the meantime a seat in the Spanish Senate was found for him. In that august body he found ample opportunity for proclaiming that he was in favor of abandoning the Riff.

While Senator Primo de Rivera, as a member of the Opposition, was thus holding forth as to the necessity of retiring from Africa, the Rifians were hammering away at the Spanish armies and hurling back to the coast whatever fragments remained of them. Looking at matters from an American point of view, one would have thought that the appalling defeat suffered by General Silvestre, who then led the Spanish troops, would have caused the proud Castilians to spend their last peseta rather than give in to their hereditary enemy. But Spain has her own way of meeting an emergency. It was therefore the outspoken champion of withdrawal, Primo de Rivera, who formed the military Junta, or Soviet, which overthrew the existing Government and undertook the task of saving the honor of Spain.

THE MOROCCAN RETREAT

The Marques de Estella, to give the Spanish leader his title, brought order out of chaos. He put down anarchy and attempted to make himself a second Mussolini. He adhered to his policy of abandoning all exposed Moroccan posts. It is stated that he even paid the Rifians to allow garrisons to retire from besieged posts. But finally he ran into troubled waters and his adroit diplomacy became ineffective. In the meantime the French were getting nervous. Circumstances therefore forced the Moroccan question into a new phase. To understand it a short detour is necessary.

It is well known that Morocco is divided into three zones. One of them is international, another French and the third Spanish. France is the official spokesman of the Sultan of the country. As such Paris has a paramount voice in all matters which do not affect the international belt. Under an agreement made between France and

Spain in November, 1912, the former recognized that the latter was entrusted with the responsibility and enjoyed the privilege of looking after the administrative, financial, judicial and military well-being of the Spanish zone. The French succeeded most admirably in the territory governed by them. Their resident General, Marshal Lyautey, proved to be one of the greatest administrators known to the present age. But Madrid in its sphere made a miserable failure of things. It was this inaptitude of the Spaniard to master the art of governing colonies which drove the Riffians to arms and which counselled Primo de Rivera to retreat to the narrow fringe which skirts the seashore.

But at the same time the Spanish Directorate made it clear that it relinquished none of the rights assured to Castille by treaty to retain possession of the entire Spanish zone. The lawyers of the Peninsula evolved the theory that the Anglo-Franco-Hispano pacts did not bind Spain to occupy or to control her entire Moorish territory. They insisted that she was the sole judge of the line of conduct that she desired to pursue. They argued that to offer any suggestions as to what should or should not be done in Spanish Morocco was undue meddling in the internal affairs of a friendly State. While dialecticians and metaphysicians were thus theorizing, Abd-el-Krim marched across the defenseless Franco-Spanish frontier. Lyautey not only found his soil invaded but was face to face with strategic conditions that menaced his entire territory unless the rebels could be prevented from massing in the Spanish zone.

ANOTHER CUBAN SITUATION

The situation which existed was somewhat analogous to that which obtained in Cuba in 1898. The "ever-faithful" isle was then seething with unrest and infested with yellow fever. The Spaniards appeared to view both evils with equal complacency. They seemed to be unable to cope with the one or with the other. The idea, however, never dawned upon them that geographical conditions made it impossible for the United States to permit anarchy and pestilence to continue at their door. War with America followed because

Spanish pride was unbending. It is too early to know officially what transpired between Madrid and Paris during the ticklish hours when Spain was repeating the same language in substance that caused her the loss of Cuba. All that may be said is that in due course the Marquis de Estella had a change of heart. He saw that as Prime Minister he had to go back on what he had said when he was merely Senator Primo de Rivera. He had the moral courage to change his platform after he had already put it into effect. Therefore in his Ice Palace speech, delivered on Oct. 15, 1925, he said that Spain had to press forward against Abd-el-Krim because it was necessary to attack the revolt in its "nerve centre." And growing sentimental, he added, "We are men of honor, our plighted word has been given. To advance is our duty." The bugle therefore blew. Forward went the Lion of Castile. The Spring of 1926 saw Abd-el-Krim a prisoner, Franco-Spanish arms victorious and the Yellow and Red proudly waving over the Spanish zone.

It is here that a new chapter opens. It is here that conflicting ambitions enter. It is here that the Tricolor of France and even the Union Jack of Britain appear upon the scene. All during the Moroccan trouble the Iberian press was under a rigorous censorship. In the early days the official *communiqués* minimized Castillian defeats. When the retirement policy was reversed and the tide turned toward success, editors were given license to exaggerate Spanish victories. Of course, the name of France "was mentioned in dispatches." But here no fulsome praise was used. The result was that to the average Spaniard France was Spain's ally in conquering the Riffians just as to the ordinary American Portugal was America's associate in defeating Germany.

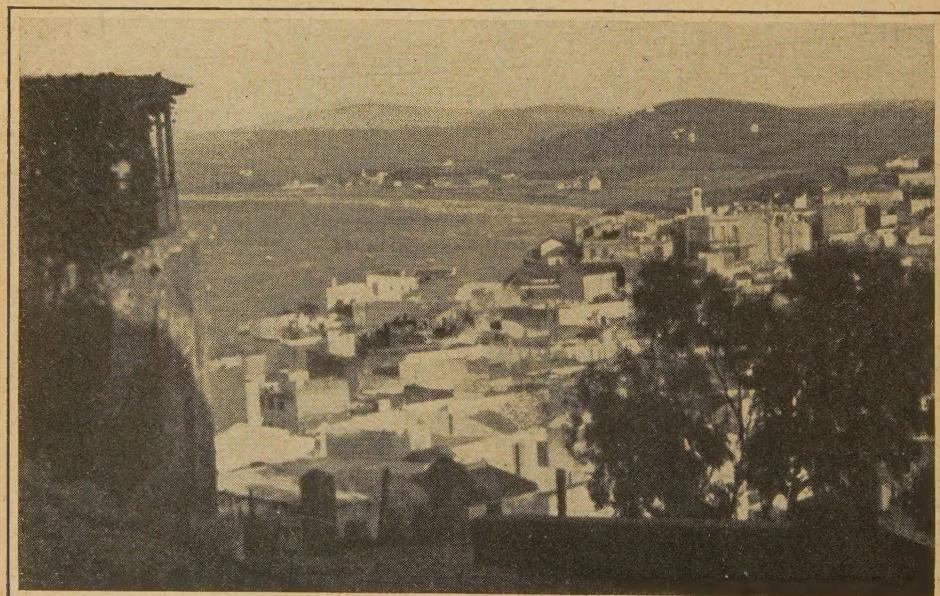
Conditions in Spain tend to emphasize the difficulties created by this policy of trifling with public opinion. General Weyler, whose name was anathema to the American public of the '90s, is still a factor in Spanish politics. He is bitterly opposed to Primo de Rivera's Government. In the Autumn of 1925 he resigned a prominent official post because he was opposed to further bloodshed in Morocco. He was

very discreet in everything he might have said or done. His friends, however, served back to the Prime Minister the very arguments used by him when in opposition. This Spring, Weyler must have become more loquacious, for he got caught in the same net that captured Conde de Romanones. The old soldier was fined approximately \$17,500. And others were similarly punished. In the meantime anarchists are reported to have conspired against the life of the King and of Primo de Rivera. And the Bar Association of Barcelona has adopted an attitude of almost defiant insubordination.

The outstanding difficulty of the Moroccan situation appears to lie in the fact that many Spaniards apparently expected to reap a rich territorial harvest for the blood that had been shed in Africa. But this is impossible, because Morocco has nothing to give. Her soil has already been divided and subdivided. Nothing could be obtained except at the expense of France or England. The former is convinced that she contributed to a large extent to the defeat of Abd-el-Krim. French sentiment would never consent to Paris making substantial surrenders to Madrid. Nor would Britain agree that Tangier, the Spanish Fiume, should be offered up on the altar

of Spanish pride. There, therefore, remains a vicious circle from which there is no escape.

The one outstanding hope for the future resides in the fact that Alfonso XIII, in his interview with the Tharaud brothers and published by them in their *Rendezvous Espagnol*, has made it clear that Spain has no public opinion. Had it such an organ it would be difficult to view the future without the gravest concern. The present Government forced its way into power in order to get Spain out of Morocco. It held on to office so as to keep Spain in Morocco. Such a reversal of form, according to all tenets of political ethics, should force the present master of Spain to justify his success by some supreme achievements on the Moroccan chessboard. But as the powers are all gone it is extremely fortunate that the outstanding weakness of Spain, the non-existence of public opinion, should today be her sheet anchor of hope for peace and tranquillity. But it is dangerous to play with fire. There are premonitory moans here and there. The world needs peace so badly that it is the part of wisdom to hazard the hope that all may continue to drift along until forgetfulness shall have assured a reshuffling of the cards.



Tangier as it looks today

Photo by May Mott-Smith

The Church and State Conflict in Mexico

By CHARLES W. HACKETT

Professor of Latin-American History in the University of Texas, and one of the members of the Board of Current History Associates, who has been in Mexico City for the purpose of investigating the issues between the Mexican Government and the Catholic Church

SATURDAY, July 31, 1926, was a historic day in Mexico. On that day for the first time since the Spanish conquest, more than 400 years ago, religious exercises which require the service of Catholic priests were suspended throughout the country. This action was agreed to by the Catholic prelates of Mexico, with the sanction of Pope Pius XI, in preference to submitting to the enforcement by the Government of religious and educational provisions of the Constitution of 1917, which they regard as imposing impossible conditions for the practice of their "sacred ministry."

The suspension of religious services by priests in Catholic churches in Mexico is not a phase of any new movement or development, but merely the most recent act in a dramatic and intolerant struggle that has been waged between Church and State in Mexico at intervals since 1833. With the triumph of the revolution under Carranza, the liberal Constitution of 1917 was promulgated. Included in it are religious and educational provisions which embody many of the principles of earlier reform laws and constitutional provisions. By putting into effect these new and modified constitutional provisions the leaders of the liberal and socio-economic Revolution of 1910 proposed to dispossess completely the ever reactionary and conservative Catholic Church in Mexico of whatever temporal wealth and political influence was left to it or which it has regained since the triumph of the reform movement under Juárez and Lerdo de Tejada.

The religious and educational provisions embodied in the present Mexican Constitution need not be discussed here, for they were printed in full in the July num-

ber of this magazine. Suffice it to say that at the beginning of the eighth year following the promulgation of the Constitution of 1917 no legislation had been passed, and, in default thereof, no Presidential decree had been issued for the purpose of putting into effect these constitutional provisions. The intention of the present Government to enforce them was first made known through an announcement of the Mexican Attorney General in February of this year, and on July 3 a Presidential enabling decree was promulgated, which, comprising thirty-three articles, regulates and defines clearly, but adds no new provisions to, the various constitutional clauses and existing statutes relating to religion and education. It further provides specific and severe penalties for the violation of the same after midnight of July 31, the date fixed for the decree to become effective.

Outstanding provisions of the decree follow: Only native Mexicans may function as ministers of any religious creed. In order to conduct religious services a minister of any religious creed must register with the civil authorities. All churches designed for worship, and all other buildings constructed or designed for religious purposes, such as Bishops' palaces, seminaries, asylums and convents, are declared to be the property of the nation, and no religious order or creed may henceforth possess or have the power to acquire or administer property or capital. Churches, on becoming the property of the nation, shall have their use determined by the Federal Government and may be retained for religious purposes only at its discretion. Other buildings designed for religious purposes shall pass immediately into the possession of the nation, to be devoted to the

exclusive use of the Federal or State Governments. All religious acts must be celebrated in the churches that are authorized by law and no political meeting may be held in any church. Severe penalties are prescribed for any minister or priest who through public statements or writings or sermons incites the public to refuse to acknowledge the political institutions or to disobey the law. All ministers are forbidden to express political views or to criticize the fundamental law of the country or the acts of the authorities or the Government. No religious newspapers or publications may comment upon political affairs.

Education must be given in official schools and will be secular. No religious corporation and no minister of any creed may establish or direct schools of primary instruction. The establishment of orders of monks of any denomination is forbidden and provision is made for the dissolution of religious orders, convents and monasteries now established.

Specific instructions are given to municipal officials who are charged with putting the decree into effect and penalties are prescribed for those failing to do so.

Later, on July 23, supplementary regulations giving effect more specifically to the constitutional prohibition of religious teaching in private schools were issued by President Calles. By these regulations no minister of any religious cult may act as the director of or teacher in a private school. No private school may have chapels, oratories or other places of public worship, or have on their premises pictures, statues, images or objects of a religious nature. The schools were given one month in which to file with the Secretariat of Public Instruction detailed information concerning their ownership, sources of revenue and religious affiliation, if any.

PROTESTS AGAINST DECREE

The publication of the decree provoked many protests from Catholics both within and without Mexico. Officials of the Young Men's Catholic Association and of the Knights of Columbus in Mexico vigorously denounced it on July 4 as religious persecution and a violation of the Constitution. The same day Judge Talley, an

official of the Catholic Club of New York, coupled a denunciation of the Calles decree with a demand that the United States Government withdraw recognition from Mexico and brand that country "as unworthy to be included in the family of nations." On July 5 Pope Pius XI, in a circular letter addressed to all the representatives of the Holy See throughout the world, accused the Mexican Government of "carrying out true and real persecution against the Catholic religion," and invited faithful Catholics everywhere to join him in prayer for Mexican Catholics on Aug. 1, the date of the feast of St. Peter-in-Chains. Cardinal Hayes of New York conformed with these instructions in a pastoral letter published on July 21. In this letter he referred to the "shocking injustices perpetrated by an anti-Christian Government against priests, religion and a Catholic people," and called upon the 1,500,000 Catholics in his diocese to join their prayers on Sunday, Aug. 1, with other Catholics throughout the world in behalf of Mexican Catholics. Similar action was taken by Cardinal Mundelein of Chicago and by Archbishop Curley of Baltimore.

After the publication of the Calles decree of July 3 many priests and nuns who had been teaching and preaching in violation of the constitutional provisions left Mexico. By mid-July 150 nuns had assembled at Vera Cruz preparatory to leaving the country. During the week beginning July 19 no fewer than fifty-five nuns left Mexico by way of Laredo, Texas, and since then the exodus has continued unabated.

Meanwhile Catholic lay organizations and the Catholic clergy in Mexico prepared to resist the enforcement of the President's decree, scheduled to become effective on July 31. On July 17 the National League for the Defense of Religious Liberty in Mexico announced that "as a measure of defense" against "a state of legal oppression," under which the Church was alleged to be living, it would launch on July 31 a boycott by which it hoped "to produce a complete paralysis of social and economic life" throughout Mexico, and thereby induce the commercial interests to force the Government to rescind its religious decrees. The plan calls for all Catholics after July 31 to refrain from advertising in

papers that oppose the boycott and from purchasing anything except the necessities of life; to desist from using coaches and attending social functions; to limit the use of electricity; and to refrain from purchasing lottery tickets and patronizing lay schools.

Diverse opinions were inspired with respect to the proposed social and economic boycott by the Catholics of Mexico. Archbishop Mora y del Rio of Mexico City and the Bishop of Tabasco called upon all Catholics in Mexico to cooperate whole-heartedly in the boycott. From Rome, however, it was reported on July 22 that Pope Pius did not look with favor on the boycott as a means of defense by the Catholics of Mexico against alleged persecution and that he had definitely forbidden such methods in a message to the Mexican Bishops. In the United States the General Secretary of the National Catholic Welfare Conference apologetically characterized the proposed boycott as merely "a national demonstration of mortification and self-sacrifice." Officials of the Catholic

Club of New York, however, expressed the belief that a trade boycott that would cause the Mexican Government to "feel the economic pinch" was "the only thing left for the Catholics to do." Officials of Protestant organizations with interests in Mexico were reported late in July to have expressed a willingness to comply with all the religious laws of Mexico, to have found nothing objectionable in the recent Calles decree and to look upon the proposed boycott as not being in keeping with Protestant principles and doctrines.

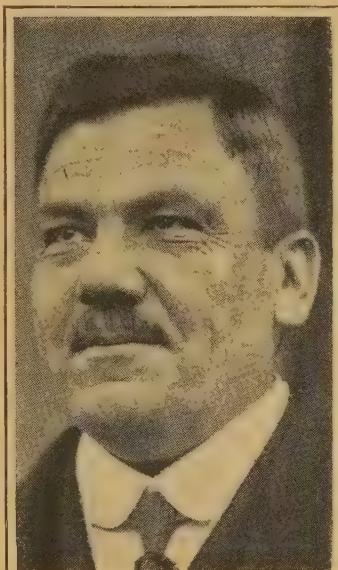
ACTION AGAINST BOYCOTT

In Mexico the Government took prompt action against the promoters of the boy-

cott. By July 22 the Mexico City headquarters of the League for the Defense of Religious Liberty had been closed and a number of prominent members of the Young Men's Catholic Association had been arrested, charged with sedition for having distributed literature favoring the boycott. When new headquarters of the league were opened on two successive occasions these were in turn closed by the Government and the leaders arrested. The Government also issued instructions calling for the investigation of every branch of the league throughout Mexico. On June 21 Attorney General Ortega took under advisement charges of sedition filed against Archbishop Mora y del Rio and Bishop Diaz of Tabasco for having publicly endorsed the proposed boycott.

The drastic and unprecedented action on the part of the Catholic prelates of Mexico in having ordered the suspension of all religious exercises requiring the services of priests rather than submit to the enforcement of the religious and educational provisions of the Mexican

Constitution, and corresponding counter-action on the part of the Government to enforce the provisions, brought matters to a climax during the closing days of July. The Catholic episcopate of Mexico, consisting of eight Archbishops and twenty-nine Bishops, in a pastoral letter of July 25 referred to the "heinous recrudescence" during the last few months of "religious persecution" in Mexico and protested against the Calles decree "before God, before civilized humanity, before the country and history," as an act injurious to "the divine rights of the Church" and incredibly offensive to "divine rights and natural rights." Denying that such conduct constituted rebellion, the episcopate



GENERAL PLUTARCO ELIAS
CALLEZ
President of the Mexican
Republic.

promised to "work to effect an amendment of the decree and the anti-religious provisions of the Constitution" and pledged its members not to desist from that purpose "until it is attained." The program to be followed by the episcopate in the meanwhile was set forth as follows: "Therefore, confronting the impossibility of practicing our sacred ministry under the conditions imposed by this decree, and after having consulted the most Holy Father, his Holiness the Pope, and with his ratification, we order that after July 31 until we order otherwise all religious services requiring the intervention of priests shall be suspended in all the churches of the country."

At the same time the explanation was given that the churches would not be closed but would be entrusted to the care of the worshippers. With regard to the educational provisions of the Calles decree, the episcopate imposed it "upon the conscience of all fathers to prevent their sons from attending schools where their faith and good customs are endangered." The pastoral letter was concluded with a list of the various grounds upon which Catholics who are responsible for the new laws or those who may aid in putting them into effect may be excommunicated. As the result of the announced intention of the episcopate to suspend religious services requiring the intervention of priests, thousands of young children were hurriedly presented before July 31 by their parents for confirmation or baptism and many marriages were contracted earlier than had been intended. The present writer personally visited the cathedral in Mexico City on July 27 and is of the opinion that of the multitude crowding that edifice fully 95 per cent. was composed of a few well-dressed women, and other persons, including both males and females, of the ignorant and peon class. Aside from the crowd at the cathedral, conditions in Mexico City were altogether normal.

STATEMENT BY CALLES

The Mexican Government took prompt action with respect to the pastoral letter of July 25. The following day, under instructions from President Calles, Attorney General Ortega began a study of the letter with a view to ascertaining whether it

should be made the basis of charges against the prelates who had signed it. President Calles, in a statement issued to the press the same day, belittled the proposed boycott as a "ridiculous movement" of a "few dozen agitators who take religion as a pretext to vent their spleen on the men and Governments of the Revolution." Denying that the conduct of the Government was "provoked by impulses of persecution, rancor or ill-will" toward the Catholic prelates who opposed the Constitution, President Calles charged that "in Mexico, from the time of independence to the present, the Catholic Church has been a constant political problem." This, he stated, "has so weakened the spiritual influence of the Catholic Church in Mexico that, with the exception of a small percentage of good and faithful Catholics who are unable to see through the Church's intrigues, all other Catholics in Mexico who are also good Mexicans make a clear distinction between their religious duties and obedience to their bad pastors, who pursue political objectives."

President Calles concluded his statement with the following warning: "My Government does not contemplate making the religious regulations less drastic because of the attitude taken by the political Catholic leaders and bad Mexican prelates as a pretext for opposing the social constructive and revolutionary work we are carrying on. Each new opposition, manifestation, or animosity or hindrance to my Government and its work will serve to establish new penalties for those who refuse to obey Mexican laws."

Minister of the Interior Tejada on July 27 in telegrams addressed to all State Governors advised that the Catholic clergy, "in an act of rebellion and disowning constitutional precepts," was planning to suspend religious services in the churches in order "to evade the supreme law, to agitate public opinion and procure disorders." He instructed that upon receipt of notice that Catholic priests intended to abandon their churches the civil authorities should demand delivery of them and "on no account should any church be handed to a committee or individuals named by priests or Catholic Bishops."

Thus, with the Catholic Episcopate ad-

vising on July 25 that the churches upon being abandoned by the priests on July 31 should be entrusted to lay Catholics, and with orders to the contrary issued by the Government on July 27, the deadlock was made complete. Two days later Minister Tejada announced that "necessary precautions" had been taken to suppress any acts of disorder by "Catholic agitators." The following day Minister Tejada announced that churches that would be abandoned by their priests would not be closed but would be "left in charge of the citizens' committees required by the Constitution," and that the public would be allowed to enter the churches freely. It was further announced that instructions were being issued "so that priests abandoning the churches may not be allowed to exercise their ministry without complying with the constitutional requirements."

Final religious services at which Catholic priests officiated were held, under instructions of Archbishop Mora y del Rio, on Friday, July 30. This action was taken in order to allow the priests July 31 in which to make inventories of the contents of the churches and to remove their personal possessions before their formal withdrawal and the delivery of the churches to the civil committees. Accordingly, as noted above, July 31 was the first day since the Spanish conquest of Mexico that there were no religious services in Mexico which require the intervention of Catholic priests. As a result the great square in front of the Cathedral in Mexico City was practically deserted on July 31, whereas for several days prior thereto thousands of persons, desirous of fulfilling their religious obligations before the withdrawal of the priests, had surged before and into the historic edifice. The same evening that final services

were being held in the churches officials of the Government closed and sealed the doors of all buildings and church offices adjoining churches in the Federal District without any serious disorders having occurred. Such buildings, in accordance with the Presidential decree of July 3, become at once the property of the nation, to be devoted to the exclusive use of the Federal or State Governments. According to reports

reaching Mexico City, the same procedure was followed without disorders throughout the republic.

Following the withdrawal of the priests from the churches at the close of July 31, committees appointed by the civil authorities took possession of them, and in Mexico City many of the churches were open as usual on the morning of Aug. 1. The present writer personally visited three of the larger and more popular ones. Soldiers were on guard outside, but within the churches candles burned before the altars as usual and worshipers came and went as if no transcendent change had occurred over night. The only change noted was the

absence of officiating priests. An official statement issued to the press by Minister of the Interior Tejada sums up developments from July 31 to Aug. 3 in the transfer of the churches to the Government, as follows:

The delivery of the churches to the citizens' committees, in accordance with Constitutional article 130, is proceeding satisfactorily, according to notices received from the States. Unfortunate but slight disorders occurred in Ciudad Guzmán, Torreón and Irapuato, but in each place they were easily suppressed by the police. All of them, as well as those which occurred in this capital, were provoked by small groups of women.

Up to the present time order has been preserved throughout the country and there is no reason to believe that it will be disturbed. The Catholics continue as formerly to attend their churches.



Wide World

ARCHBISHOP DEL RIO
Head of the Roman Catholic
Church in Mexico.

Organized labor in Mexico pledged its hearty support to the Government in its unswerving determination to enforce the religious and educational provisions of the Constitution. A delegation from the Regional Confederation of Labor on July 29 told President Calles that the clergy was trying "to fix on the minds of the people the big mistake that religion and the clergy are one and the same thing." In his reply the President said:

Precisely at the most difficult moment of my administration, when questions were arising of an international character which were to determine whether Mexico was a sovereign country or not, the clergy, in all bad faith and treachery threw its challenge to the Government of the Republic.

REMARKABLE DEMONSTRATION

An unprecedented manifestation of loyalty to President Calles in the present conflict took place on Sunday, Aug. 1. From 10 o'clock in the morning until 1 in the afternoon, while the rest of the Catholic world, led by Pope Pius XI, was prostrating itself in prayer for the Catholics of Mexico, organized marchers numbering from 30,000 to 50,000 men and women filed past President Calles and his Cabinet, who were stationed on the balcony of the Municipal Palace of Mexico City, directly opposite the Cathedral. The parade, which was arranged by the Regional Confederation of Labor, was well organized, well managed, and devoid of any disorders whatever. Red Cross ambulances followed the line of march, dispensing cracked ice, water and limes, and giving first aid to occasional marchers who fainted or became exhausted in the line. The present writer witnessed the assembling of the marchers in the Alameda—a park in the heart of the Mexican capital—and, later, from a vantage point overlooking the Cathedral plaza, watched for three hours the procession as it slowly filed, eight abreast, into the plaza, passed in front of the Cathedral and the National Palace, and then in front of the

Municipal Palace, where President Calles was warmly applauded. In the procession, with numerous bands playing "Valencia" and other popular airs, there were noted, in addition to delegations from all the labor unions, Indian delegations from village communities which have had their communal lands restored to them; delegations from Masonic lodges; units composed of Government employes, and large delegations of public school teachers and the faculties and students of the National University. One faculty member, familiar with the response to Lincoln's appeals at the outbreak of the Civil War, was heard to call out in a jovial way to an American onlooker: "We are coming, Father Abraham, a hundred thousand strong."

Many streamers and banners were borne by the marchers, upon which were printed statements expressing their sentiments. The following are some of the typical statements that were noted by the present writer: "The terrible yesterday and the free tomorrow are face to face." "Has the Prisoner of the Vatican any right to censure the laws of Mexico secured through their generous blood?" "We shall go the limit," says the Reaction; "We shall go even further," we answer." "Above the sovereignty of Mexico the sovereignty of Rome cannot exist." "Rome and Chicago have conspired against Mexico." "The work of Juárez is being completed by Calles." "Viva Mexico; Viva the Constitution of 1917." "Why did not the respectable Catholic ladies give aid to the flood sufferers of León instead of to the luxury-loving priests?"

At this writing the situation is normal in every respect. There are no visible effects of an economic boycott and the churches are open and attended by the public as usual. As matters now stand the Government has scored another triumph in the conflict between Church and State in Mexico that was "initiated" by Acting President Gómez Farias just ninety-three years ago.

Mexico Seeking Central American Leadership

By CARLETON BEALS

Author of *Rome or Death* and *Mexico: An Interpretation*

MEXICO has to be stopped in Central America," said Mr. X., consulting engineer for the International Railways of Central America, a man intimately in touch with that part of the world for many years. He referred to recent efforts of the Mexican Government to promote close cultural relations with the Central American and carry on anti-American propaganda in order to swing the five republics out of the orbit of the United States and into its own circle of influence. My companion continued: "Mexico must realize that the United States intends to dominate in Central America. She will only cause trouble for herself by meddling." Here are the germs of real and not unprecedented conflict. In the Congressional Record (June 28, 1926) Mr. Black of New York declared: "We should extend our jurisdiction by harmonious arrangements clear down to the Panama Canal." And in Guatemala the American Minister, Arthur H. Geissler, told me that "Guatemala will yet prove more important in the history of the United States than Belgium." You may smile at despised Mexico as an international competitor of the United States, but the present activities of our neighbor in thus creating a conflicting sphere of influence may have profound significance for the future history of this continent.

From the days before Cortez down to the time when the United States made itself master of the Great Corn and Little Corn islands and planted a naval base in the Gulf of Fonseca, the Central American land-bridge between the two continents, now the hub of interoceanic traffic, has witnessed bitter conflict. Today Panama is the focus of conflicting interests. Just as Great Britain has been driven to lay hands on the land areas adjacent to the Suez Canal, so we have been impelled to

extend our sovereignty adjacent to Panama. Our present diplomatic, economic and political expansion southward obeys old laws of century-old migrations and struggles. Mexico, drawn by racial affinity, driven by the fear of the "Yankee peril," conscious of the necessity for maintaining intact her territorial connections with the rest of Latin America, turns toward the same quarter. Central America, with its conglomeration of peoples, Indian, Spanish, negro and now American, with its mountain barriers and nation barriers, has become the Balkans of the Americas, Guatemala playing the rôle of Serbia.

In many ways the most important of the Central American States, Guatemala, Mexican border country, is the fountain-head of the common political, artistic and literary culture of Central America. Mexico, aware of these facts, is expending her major efforts in winning Guatemala to her side, well knowing that this is ultimately to win all Central America.

The first official indication of Mexico's increased concern in Central American affairs and her determination deliberately to counter American influence was revealed when she elevated her Guatemalan Minister, Señor Alfonso Cravioto, to the status of Ambassador, thus making him dean of the diplomatic corps and giving him precedence over the American Minister, Arthur H. Geissler. Incidentally Señor Cravioto is one of Mexico's most brilliant products. An author and educator, he has attracted the good-will and imagination of educated Guatemalans; the daily papers carry his poems, articles and stories. With him is associated as First Secretary Luis Quintanilla, formerly of the Washington Embassy, also a writer, a new-school poet and founder of the Mexican Murciélagos Theatre, modeled after the Chauve Souris. These two men are looked upon as the

leaders of the newer Guatemalan intelligentsia, admirable representatives for the furtherance of cultural bonds. This establishment of a Mexican Embassy in Guatemala, ostensibly only a casual event in cordial relations, definitely announced to the initiated Mexico's intentions in Central America.

Almost simultaneously part of our Pacific fleet appeared in Guatemalan waters. The visit of Admiral Robinson to the capital, the ceremonious receptions, the parades of marines, the temporary substitution of Guatemalan police with our own marine-police, better to protect the citizenry from too exuberant imbibing shore-leavers, tended to overshadow, or at least to counterbalance, the elaborate functions and flower-throwing that featured the establishment of the Mexican Embassy. This naval visit may have been even intended as a hint to both Guatemalan and Mexican Governments. President José María Orellana (of mixed Indian and negro blood—a *zambo*), to return the unexpected courtesy and ceremony of Admiral Robinson, thereupon visited the flagship Seattle with members of his Cabinet, and announced his supreme admiration for the American people and their representatives and toasted the American Navy. The Mexican Government countered by presenting an airplane to **Guatemala**, a "noble gesture" that created a stir in all Central America, and led the Honduras paper, *Reconciliación*, to print a long editorial urging its Government to send three students to the Mexican School of Aviation.

Lacking documentary evidence I cannot make any categorical statement that Mexico has meddled in the internal politics of her neighbors. Certainly she has sent no marines. But, after talking with numerous officials and Nicaraguan emigrés, I am convinced that Mexico assisted materially in the installation of the post-Martínez liberal Government and that it is now assisting in the movement to overthrow Chárrero. It is possible that it has been active elsewhere. There are numerous Mexican plotters in Honduras.

The publicity efforts of the Mexican Government are impressive. It controls, perhaps owns, *El Excelsior*, a Guatemalan daily. Other papers are liberally subsi-

dized. Special Mexican editions of leading papers are promoted, featuring Government activities, interviews with Cabinet Ministers, accounts of artists, customs, and so forth. The number of *Reconciliación* carrying the aviation editorial (not a special issue) contained, in addition, the story of the Mexican Liberty Bell—*Campana de Dolores*—an account of Mexican methods of combatting the locust plague and several discussions of current Mexican affairs. *El Imparcial*, before its suppression by Orellana, was printing the Mexican Constitution serially. On the other hand in Mexico City is published by members of the publicity department of the Ministry of the Interior (*Gobernación*), a profusely illustrated Mexican-Central American magazine of impressive format which is widely distributed in official circles. Most foreign news to Central America is supplied by the Ariel News Service, maintained (unofficially) by the Mexican Government and served by the powerful Government radio stations in Chapultepec and Tacubaya. In Guatemala more news is carried about Mexico than any other foreign country. *Ariel* is the title of the continent-famous book of José Enrique Rodó, which so brilliantly exalts the future of Latin America and damns the United States as "Caliban."

IMPROVED COMMUNICATIONS

The Mexican Government has improved communications. A Government steamship passenger and freight service is maintained down the West coast. Recent agreements have reduced international cable tolls and direct cable service has just been established with El Salvador and Honduras. Mexico will attempt to serve all Central America, including Panama, also Cuba, with wireless information. Señor Atonio González Montero, director of the National Telegraph Lines of Mexico, has himself in person made an extended tour of Central America to arrange these and other matters relating to improved communications. On the Isthmus, Tehuantepec and Pan American railways from Vera Cruz to the Guatemalan frontier Pullman service has been established. Both Governments are projecting an international bridge between Suchiate and Ayutla which will ultimately permit of through



Mexico and the Central American Countries

train service. Commercial attachés have been sent to Guatemala and El Salvador.

All this has resulted in cultural interchanges of growing importance. The Mexican Government has opened free public libraries, among them labor libraries with literature on the Mexican revolution. The principal gift library in Guatemala City was for a considerable time in charge of the brilliant Guatemalan writer Rafael Arevalo Martínez, a confirmed anti-Americanist, who previously headed the Central American office of arbitration and peace established by the Washington treaties. The operation of this American-patronized institution Arevalo Martínez bitterly satirizes in his book *La Oficina de Paz de Orolandia*, the word "Orolandia"—"Land of Gold"—being used in antithesis to "Yankeeland" to indicate that Central American countries are lands of gold exploited by the United States. All the anti-rabies institutes of Central America were donated by Mexico, and until recently that of Nicaragua was still maintained at Mexican Government expense.

Mexican theatrical troupes, in part Government subsidized, visit Central America. Mexican music is now the vogue in the Guatemalan capital and is beginning to compete with jazz in other capitals. Ambassador Cravioto frequently arranges special low-rate tourist and commercial tours to Mexico City, and unusual inducements were made for students attending this year's Summer session of the Mexican University. A Mexican commission recently visited the five republics to arrange for an athletic Olympiad in Mexico City.

All this finds reflection in political and social changes. The Guatemalan police are now cut on the Mexican model. Mexican road building has stimulated similar efforts in Guatemala and El Salvador. For Guatemala's street car system, Tapachula, Mexico, and Henry Ford are jointly responsible. The citizens of the little frontier town of Tapachula conceived the idea of putting Ford motors into ex-horse-cars. Guatemala, unwilling to be outdone by backwoods Tapachula, followed suit.

The recent expulsion of foreign priests

was based on the Mexican precedent. Anti-Catholicism has been the traditional stand of the so-called Liberal Party from the time of its most notable representative, former President Rufino Barrios, statues of whom dot the length and breadth of Guatemala, down to the actual President. When I was in Guatemala, Secretary Quintanilla was adding fuel to the flame by keeping Government officials thoroughly posted on the Mexican Government's anti-clerical activities. The new labor law, though it was discussed before enactment with American Minister Geissler, shows indubitably that its leading model was Article 123 of the Mexican Constitution and the pending Mexican Labor law. The Mexican Regional Confederation of Labor (C. R. O. M.), the official Government labor organization, is closely in touch with the five allied federations and sends organizers into the Central American field. "They are already beginning to cause us trouble among our employes in the railroad shops," Mr. X, my engineer friend, informed me. President Orellana's financial policy bears striking resemblance to that of President Calles in its retrenchment, non-foreign-loan features. The latter offered Guatemala several million dollars without strings to help with the foundation of a national bank modeled on the existing Mexican institution.

THE MEXICAN PURPOSE

The reasons and motives for this attempted penetration are different from our own. Mexico has no economic or territorial ambitions in Central America; indeed the two are commercial competitors rather than mutualists, since both produce similar raw products. Mexico is unlikely to land marines to enforce her wishes or even maintain order, though Porfirio Díaz, a sporadic meddler in Central American affairs, at one time contemplated sending assistance to the Nicaraguans "to help drive out the Yankees." As a military ally Central America with her political schisms and barefoot soldiers is insignificant.

There even exist unpleasant historic incidents. Emperor Iturbide of Mexico, by means of a coerced election farce, annexed the new independent Confederation; Sal-

vadorians cherish the patriotic recollection of the forcible subjugation of their country at that time by the Mexican General, Filísola, when their Government went so far as to appeal for annexation to the United States. As a result of this temporary Mexican rule, Chiapas, which had always been one of the original Central American provinces, remained Mexican, and has frequently been styled "Guatemala's Texas."

Mexico has grievances on her own side. The similarity of Mexican Maya and Guatemalan Quiché cultures has led, during the hundred years of Mexican independence, to various plots looking toward the formation of a Maya-Quiché republic. On various occasions Maya Mexico has threatened to withdraw from the Mexican Federation; it has, in the past, appealed for annexation, both to the United States and to Guatemala. As late as 1920 Felipe Carrillo was actively plotting to foment a race-secession movement affecting all the territory from the Isthmus of Tehuantepec to Central America. Five States and Territories, Tabasco, Chiapas, Campeche, Yucatán, and Quintana Roo, covering about ninety thousand square miles of mountain, plain, plateau and marsh, were to be wrenched away and ultimately united with Guatemala. Yet, on the whole, this cultural Maya-Quiché affinity is a unifying rather than a separatist force. The same may be said of the similarity in culture between the Mexican Nahuas and Salvadorian Pipiles, and the Nahua race-groups of Honduras and Nicaragua. Furthermore, Mexico, by its present friendly tactics, is rapidly burying any unpleasant memories.

After all, the background of Mexico and Central America is one texture. Both entities have almost identical pre-conquest traditions. Many of the great source-books, codices, and treatises on the Central American aboriginal civilizations are found in Mexican quarters; and the mid-American savants, from Padre Francisco Ximenez, from Remesal and Milla down to Batres Jauregui and Barbarena have found the fountainhead of their inspiration in Mexican chronicles. On the other hand, the students of early Mexican culture, from Bartolomé de las Casas to Dr. Manuel Gamio, have been obliged to beg favors of

their southern confrères and to study the Maya-Quiché civilization as a unit. The conquest of Central America, with certain exceptions, was an episode in the conquest of Mexico proper. Guatemala was overrun by the soldiers and allies of Cortez under the leadership of his Lieutenant, Pedro de Alvarado. During the Colonial period Central America was long administered by the Mexican vice-royalty. Both colonies achieved independence at about the same time, and their subsequent careers have been alike. Both Mexico and Central America are becoming more sharply conscious of these identities of cultural and historical background.

Over and beyond the consciousness of these more intimate bonds, Mexico is led to attain the leadership in Central America because of her new interest in Pan Latin Americanism. This interest, for Mexico, is an outgrowth of the revolutionary epoch from which she has just emerged. Sentiments of continental unity have been expressed vividly by leaders of other Southern countries, but it remained for President Venustiano Carranza, topping the crest of the worst wave of disorder in Mexico during the past decade and a half, and seriously menaced time and again by armed American intervention, to voice officially and comprehensively a Hispanic American program of unity and independence from the United States and the Monroe Doctrine. This program, broadcast throughout the two continents, is today known as the Carranza Doctrine. Carranza's successors, Obregón and Calles, have attempted in practical ways to make his pronouncement effective and to maintain the anti-American leadership of the two continents. This has been done by the sending of numerous cultural missions throughout South America and keeping all the Governments adequately informed of American aggression against Mexico and the countries of the Caribbean and Central America.

FEAR OF THE UNITED STATES

Thus Mexico's interest in Central America and in the Iberian American cause has its proximate source in her difficulties with the United States. Mexico feels herself ringed about by the American advance

on the Panama Canal, by our hegemony in Cuba, Porto Rico, Haiti, the Danish West Indies. She sees the "Yankee Peril" in the establishment of an American naval base in the Gulf of Fonseca, in the Honduras treaties, in the various occupations of Nicaragua by our marines. This advance has resulted in a vast territorial arc controlled by the United States, stretching from the Florida Keys to Panama, which seals up the Gulf of Mexico and the Caribbean Sea. Mexico herself, ever since the fall of Díaz, has been fighting economic and political domination by the United States. If Central America is cut away, her position will become quite unsupportable. She feels the acute necessity of maintaining intact from American control the five republics to the south which link her up territorially to the rest of Latin America. If she can arouse in them a permanent feeling of dependence upon her cultural leadership and a spirit of steady opposition to American economic penetration and political pressure, her own international position will be strengthened. "We are fighting with our backs to the wall" was the opinion expressed to me by Señor Quintanilla of the Mexican Embassy in Guatemala, "and we are only too ready to snatch at any outside aid, however insignificant, to protect us from the United States."

No doubt Mexico, treated as a backward inferior nation by the United States, finds herself in a comforting position of superiority with respect to Central America. The creation of a Mexican sphere of influence in Central America, through geographic proximity, cultural affinity and active friendship, in contrast and opposition to the United States' tactics of dollar diplomacy, restores Mexico's faith in her own destiny.

It is difficult to think of Mexico in this new rôle and easy to shrug the facts aside as of small moment. Yet some day the Quichés and Cachiqueles of Guatemala, whose culture is still solidly knit, will become as racially and politically conscious as their brethren in Mexico. At present the indigenous population of Guatemala, a very high percentage of the whole, suffers from conditions as bitter as those of the downtrodden races of Mexico in the

days of Porfirio Díaz. The Quichés will ultimately liberate themselves. In the political experimentation that will result, the banana will play the rôle that petroleum played in Mexico. In the face of aroused mass consciousness, though Guatemala is small and relatively insignificant, we may find ourselves as baffled as in the case of Mexico. Guatemala, with Mexico's sympathy and active assistance, may prove an equally hard nut to crack. Guatemala, leader of Central America, may indeed become as important as Belgium for us; changes in Guatemala may result in a complete shift in the entire Central American scene. We Americans are little alert to the potentialities of Mexico, or to the mass force of the Latin-American cultural bloc of which Mexico may assume the active leadership and raise up barriers which we may live to regret.

BIG BROTHER POSES

"Mexico must be stopped in Central America," were the words of my engineer friend. "It is better for us to act now in the beginning, when it will be a comparatively simple matter, than later, when we may have to resort to armed force." This is the old faith in the iron shard. It lacks originality. I shall not attempt to recite our petty coercions in Central America. In some cases they may have been justified. Yet our Big Brother poses have often been camouflages for the Big Bully. They have none of the grace of the Mexican gestures. For instance, the Central American republics are ironically aware of the whole hypocrisy of the Washington 1922-23 conferences presided over by Mr. Hughes. In spite of this, I did not find as yet in Central America any such general sentiment of bitter anti-Americanism as I have encountered throughout Mexico. Though in official circles there is much distrust and cynicism, it is by no means too late to reorder our Central American policy. We have neglected most of our opportunities. (I am quite aware of the remarkably fine work of such institutions as the Rockefeller Foundation. But these are private.) I shall cite only one example: Guatemala is accustomed to maintain a foreign military mission which instructs and organizes its armed forces. Until two years

ago this mission was French, when, through the efforts of Mr. Geissler, our Minister, President Orellana requested American officers. This necessitated an act of Congress. That body has thus far pigeonholed the matter. In other words, to send a friendly invited mission we must wait indefinitely on complicated red tape.

Central America we have considered too insignificant. Yet our superior economic power provides a very definite basis for promoting permanent and profitable cultural relationships which might even overbalance the natural cultural affinity between Mexico and Central America. We have failed to see that we are not dealing with Nicaragua by itself, with Honduras, with El Salvador, but with a cultural entity known as Central America; we are dealing with a cultural bloc known as Latin America, which will some day find ways to thwart any unworthiness on our part. We cannot, for example, act in one fashion with Nicaragua and another with Argentina without ultimately paying a high price. Ultimately we shall have to establish a fairly uniform, a just and a legal policy for all Latin America. If there is any special policing to be done, we should do it jointly and not independently. In spite of the shortcomings of Central American authorities—and most of their petty dictatorships stink in the nostrils of God and man—we shall have to learn to achieve our ends more subtly but more enduringly, without jeopardizing our future relations and peace with the entire Latin American world, growing rapidly in power, stability and dignity.

There is no doubt that diplomatically and morally we are being outmanoeuvred by Mexico in Central America. Some will consider this of small moment, since we can always accomplish our immediate purposes in a ready, ruthless manner through the exercise of superior economic and military power. But history is not written in a decade or even in a century. The Mexican activities are a part of a general Latin American united front tendency, part of the age-long will of men and nations to be free. Mexico is marching on the canal with music, banners and flowers. We are marching with dollars, machine guns and marines.

Asia Seething With Political Change

By SIR FREDERICK WHYTE

First President of the Legislative Assembly of India; formerly member of the British House of Commons

IT would be a fascinating task to study the manifold effects wrought by European influences upon Asia since first Vasco da Gama sighted the shores of India. Whether we contemplate the economic revolution embodied in the railways, factories and telegraphs, or the assault upon ancient tradition by modern education, or the endeavor to Christianize the Orient by religious missions, we see opening before us vistas of exploration and research which have already been entered by students of all nations and which repay every effort made to traverse them. Our goal, however, lies beyond them. Significant and alluring as these subjects are, they find their supreme culmination in the most significant of all features in the modern Asian landscape, the dethronement of autocracy which is the traditional and indigenous form of government, and the establishment in its place of the alien representative principle. Here the victory of Europe is all but complete; and whatever be the extent of the political revolution, and whatever be its form, the phenomenon is to be found ubiquitous in Asia. This, then, is the new Asia, and here we may tarry to examine the novelty.

The Republic of Turkey provides an illuminating object lesson of the change from an autocratic monarchy to a parliamentary republic, but also, and more significantly, a religious change which, if it had been made by any European power, would have set the Muslim world ablaze from end to end. The Sultan of Turkey is no more; and within a brief time of the abolition of the Sultanate, the Turk at Angora decreed that there should be no Caliph of Islam. Thus an historic power, combining in itself two sovereign functions, passes from the scene, leaving Turkey in the crucible of a political experiment in Western democracy and the theocratic world of Islam without its traditional head.

In Western eyes, the establishment of

the Turkish Republic appears the more important of these two events; but the Muslim East was more concerned with the Caliphate and regarded the Turkish abdication of the hegemony of Islam as an ominous and momentous decision. The motives of the principal actor of the drama, Kemal Pasha himself, filled every orthodox Mussulman with perplexity and dismay. His victory over the Greeks, and indeed over the powers of Europe in 1923, had made him appear as the avenging sword of Islam doing successful battle, as of yore, against the infidel. Yet before the blood of the unbeliever had dried on the blade, the wielder of the avenging sword proclaimed his indifference to the Faith, and, with one stroke, bereft Islam of its visible head.

I myself witnessed the immediate effect of Mustapha Kemal's action in India early in 1925. A deputation from the Turkish Red Crescent Society came to India to raise money for the benefit of the repatriated refugees from Macedonia and Thrace. They were received with every assurance of assistance from the Viceroy and the India Red Cross Society, and they set forth from Delhi on their mission. In a very short time they returned in dismay, with empty hands. Wherever they went the India Muslims looked at them with distrust as the dethroners of the Caliph of Islam, and closed their doors against them. The deputation returned to Turkey, reflecting sadly upon the consequences of modernity at Angora.

What the other consequences of the Turkish Revolution will be, none can say. Kemal is an able, forceful man, who re-created Turkey after the war and now has his reward in the Presidency of the Turkish Republic. The power of his personality enables him to wield an almost autocratic authority in the new State, despite the democratic provisions of the new Constitution; and not until he passes from the scene will the test of Turkish capacity

in self-government be fully applied. The Turks have displayed an aptitude for government in past times, though too often showing a propensity for misgovernment; and now that the Turkish State is practically a homogeneous unit, containing few alien minorities, they may reveal their better nature and settle down to the task of making self-government a reality. They believe themselves to be peculiarly well-endowed for political responsibility; and a Turk once thought to compliment the pre-eminently political English on their success in government by saying that they were the Turks of the West. From what we know so far of the Turks, it will be a long time before we can say that they are the English of the East!

Turning southeast and leaving Arabia and Palestine unconsidered, both of them alluring foci of modern ferment, we take Persia as our second object-lesson in Asiatic change. Persia, like Turkey and Egypt, has deserted Asian tradition for European novelty and, in the fond belief of her most ardent patriots, stands on the threshold of a new age of glory. Her past history presents interesting contrasts to both Turkey and Egypt. Whereas Turkey, under the House of Osman, has been reckoned as one of the powers of the world throughout the whole of modern history and owed her place to her own energies, if also to the divisions among her enemies; and whereas Egypt has not for five centuries—some would say twenty-five—played any effective part of her own in Mediterranean or Asiatic politics, Persia has risen and fallen, not once, but at least four times in recorded history. The names of Cyrus, Darius, Xerxes and Artaxerxes before Christ, the revival of Persian power under Ardestin in the third century A.D., which lasted four hundred years; the renewal of that power in the sixteenth century, after eight hundred years of comparative impotence, by the Lefavi Dynasty, with its culmination in the conquests of Afghanistan and the sack of Delhi by Nadir Shah, who was assassinated in 1747—these are the landmarks which bear witness to great fluctuations of Persian fortunes and also to some inherent power of recovery in her. And four years ago Riza

Khan showed that the power was not exhausted.

Till 1908 the Shah of Persia was absolute ruler of his people, and the form of his Government resembled that of Turkey. In that year he was compelled by popular clamor to promulgate a Constitution of which the new legislature, called the National Assembly, was the chief innovation. The Assembly did not at first possess the full powers of a democratic House, but the Shah's frequent absence in Europe helped to increase its importance, and eventually it became the lever by which Riza Khan, already virtual military dictator of the country, rose to supreme power in 1921. In October, 1925, the Assembly deposed the Shah and brought the Kajar Dynasty to an end by making Riza Khan himself head of the Government. The word Republic had not yet been spoken, though Riza Khan contemplated a republican revolution in 1924 and only desisted when he was told by the learned men of Islam—the Shiah Ulema—that there was no authority for a republic in the Koran. Finally, in 1925, Riza Khan was crowned Shah in Teheran.

PERSIA'S DICTATOR

For the moment, therefore, Persia lives under the dictatorship of a powerful adventurer, the first of a new dynasty, sanctioned by the deliberate will of an elected House. Persian democracy has taken but shallow root; its flowering may easily be blighted by Soviet Russian intrigue or invasion; and Riza Khan cannot rely on those qualities which make the Anatolian peasant a source of strength to Mustapha Kemal nor upon the active cooperation of the same number of able and intelligent men. His is, therefore, a personal revolution to a greater degree than Mustapha Kemal's; though it would be untrue to say that the Persia of today is entirely of his making. The Mejliss was born by popular demand out of dynastic weakness, and had successfully encroached on the royal power for half a generation before Riza Khan emerged from the ranks of the Cossack Brigade to give virility to Persian reform. He is a portent from Persia in the great unfolding panorama of the new Asia.

Leaping across the body of Central Asia we find in China another picture of

modernity. Twenty years ago the expectation was widely held that the Manchu Dynasty would survive all attacks of the threatening forces of subversion. Though there were signs of decay in the *Ta Ch'ing Ch'ao*, the Great Immaculate Dynasty, as it was called, and though domestic corruption and a spineless foreign policy had awakened popular discontent, the idea of a republic was known only to a few as a possible alternative. Nevertheless, late in 1911 anti-dynastic riots broke out and grew in a week or two to the magnitude of revolution; early in 1912 the Manchu Dynasty fell; and in a night Imperial China, the most ancient monarchy in the world, became a republic. That the Chinese people was unprepared for so radical a change was self-evident and is still the most patent fact in the Far East; that the Republican leaders themselves hardly knew what they were doing is probable; and that the first President of the new Republic, Yuan Shih Kai, who had served a long apprenticeship in statecraft under the last Manchu Emperors, knew that his fellow-countrymen were not republicans is certain. Yuan's enemies say that he was as faithless as Republican President as he had been as Imperial Minister, and that only his death in 1916 prevented him from renewing his endeavor of 1915 to make himself Emperor. But Yuan was at least consistent, for in a speech delivered before the fall of the dynasty he said: "I doubt whether the people of China are at present ripe for a republic * * *. The adoption of a limited monarchy would bring conditions back to the normal, and would bring stability much more rapidly than that end could be attained through any experimental form of government unsuited to the genius of the people or to the present conditions of China." He therefore pled for the retention of the Emperor.

CHINESE POLITICAL OUTLOOK

Was Yuan speaking without the book? The whole history of China answers, No! The conception of representative and responsible government, on a national scale, finds no place in Chinese thought throughout the centuries. How much less, then, could the Republicans expect to create republican institutions overnight with any

hope of success! It is significant that the Revolution of 1911-1912 followed the course of each successive Chinese revolution during the twenty centuries of her known history down to the point where Sun Yat Sen and the Cantonese Revolutionaries, speaking the alien political accents of Europe, hoisted the Republican flag south of the Yangtze River. There have been many revolutions, and many fallen Emperors; but until today *Le roi est mort, vive le roi!* was the battle-cry of the reformers; only today for the first time is it *Vive la République!*

The Republican Constitution of 1912 set up two legislative chambers, with a President and a Parliamentary Cabinet; but from the first it lacked that power at the centre without which no country can survive, least of all China. This defect only became completely visible when Yuan died in 1916, for as long as he was President he ruled much like the dispossessed dynasty, corrupting Parliament when he could, and overriding it when he could not. On his death the chaos which he feared broke out and has prevailed ever since. The Peking Government has wielded no authority over China for the last ten years, and the country has fallen into the hands of the Tuchuns, the Military Governors of the provinces, whose sporadic but comparatively bloodless warfare has brought government altogether to a standstill. Disorder has, however, been by no means universal; the normal life of China has continued as before; the revenue from import duties—always a good index of the economic life of a country—has actually increased during this period of chaos, and many Chinese probably hardly realize that half-a-dozen civil wars have been waged around them during the last few years.

The explanation of this extraordinary anomaly lies in several causes. The size of the country helps to account for the meagre disturbance created by local feuds between the Tuchuns; the half-hearted campaigning in these little civil wars left even the areas of conflict comparatively quiet; and the fact, most significant of all, that at the best or at the worst, the Chinese have never required much government, explains their slowness to perceive the change when Government ceases to function altogether.

This quality in the Chinese has its good and evil sides. It reveals itself in their law-abiding character and in an almost complete absence of national public spirit. It is true that at times public opinion has been a force in China, as foreign boycotts have shown, but whatever sense of nationality they possess—and even the Chinese themselves sometimes doubt the existence of it—has found little expression in a concern for measures or ideas of national scope. Since the beginning of time, we may almost say, government has been provided for them, and the concerns of national administration seemed beyond the range of their normal vision. The scope of their vision, indeed, would seem to be limited to the nearer objects—the family, the craft they practice, the city they inhabit; and it is doubtful whether the word China connotes to them either the geographical area, or the community of interests and culture, or the allegiance to a common flag or throne which the name of any European country conjures up before its citizens. The family is actually the most powerful factor in Chinese life; and the strength of family feeling, with its culmination in ancestor worship, hinders the growth of patriotism or the develop-

ment of a civic spirit on a large scale. There is a story of Confucius which gives point to the case. A Chinese nobleman, in the days of Chinese feudalism, said to Confucius that the moral state of his part of the country was so high that if a father stole a sheep his son would give evidence against him. "Ah," replied the sage, "we think otherwise in my part of the country; for whatever the father may do the son will shield him, and in like manner the father will shield the son. There is true integrity."

DIVINE RIGHT IN CHINA

Now, filial piety implied also reverence for the person of the Emperor, who enjoyed a divine right as long as he governed the land well; but it did not protect the Emperor from the consequences of misgovernment. His divine right was conditional and died when wrongly employed. It might seem that a people capable of taking so eminently secular a view of the royal person would have made some political progress from so auspicious a commencement. Once you have made the power of the throne conditional on its good behavior you have taken a long stride from political apathy to political ambition and you may



Typical of the political and social changes taking place in presentday Asia—girl students at a Chinese college who advocate Western ideas of democracy

be expected to develop rapidly a system of control over the caprice of the autocrat hinged on the power of the popular will. But no such phenomenon ever appeared in China. The political common sense which hedged the divine right of kings with conditions stopped them; and the Chinese people for twenty centuries remained content with autocracy tempered by abdication.

The republic therefore found them unprepared; and to prepare one's self for an overwhelming novelty after the novelty itself has come is notoriously difficult. The Chinese must do it or retrace their steps; and it can only be done if the essential powers of the central Government—defense, railways, customs and foreign affairs—are entrusted to some powerful agency, whom we may call a republican dictator, for a long period during which the local Governments of the provinces, linked in a federal system, may have time to establish themselves unchallenged as democracies *à la Chinoise*. Let us note here, before leaving China, that if representative government may seem exotic, the democratic spirit is not; and what China suffers from today is not the medicine itself, but an overdose of democracy in a Western prescription. China, in former times, proved that a nation may be democratic without democratic institutions. China in one day has proved that political democracy is a special condition requiring qualities which the Chinese do not possess. China in the future has to prove that these qualities when they are not innate can be acquired. We can but await the answer with a kind of skeptical hope.

The Japanese revolution of 1867 followed a very different course. It was not, in fact, a revolution, but a restoration with a conservative and dynastic purpose to take the place of the democratic motive which usually animates similar movements. For six hundred years the dynasty of the present Emperor, whom we poetically called the Mikado, was eclipsed by the Shogun without being actually deposed, and the superstitious regard for his person which we associate with the modern Japanese attitude to the dynasty was unknown. The Shogunate had remained in the Tokugawa clan for two centuries, but the revolution of 1867 overthrew it, restored the Mikado,

abolished feudalism and launched Japan on her modern career. The Meiji era thus has two origins and two results. It is modern in its instruments, in its pursuit of Western science and its imitation of Western methods; it is more ancient than antiquity itself in its ambition to make Japan a power in the world and in its revival of the worship of the Emperor as the central feature in the State religion of Shintoism.

We are accustomed to marvel at the resilience which has enabled Japan, at one bound, to leap the chasm between medieval and modern civilization; but in so doing, it more than half conceals the other and greater wonder, namely, that the reactionary will of far-sighted men could so impose itself on a whole people as to lead them to practice the astounding anachronism of Emperor-worship within the compass of an apparently constitutional monarchy. Shintoism, as professed in modern Japan, is the deliberate re-creation, *pour raison d'état*, of a very old popular religion now transformed and wholly designed to concentrate both the patriotism and the religious feeling of the Japanese upon the person of the Emperor as the physical and spiritual embodiment of the whole nation.

THE MIKADO'S AUTHORITY

A moment ago I spoke of Japan as an apparently constitutional monarchy, which brings us to the political aspect of her life; and we shall understand the word constitutional when we have seen the nature of the Constitution. Promulgated by Imperial Decree in 1889—and owing nothing to popular influence—the Constitution provides that "the Empire of Japan shall be reigned over and governed by a line of Emperors unbroken for ages eternal." The Mikado reigns by divine right without the limit which we have seen imposed in China, and, despite the existence of a legislature, without so far yielding much of the Imperial power to bodies of his own creation. The actual exercise of the Imperial power, however, requires careful description. Constitutionally unlimited and residing in the Emperor himself, political power in fact belonged at first to the Elder Statesmen whose once supreme authority is,

however, gradually being impaired by the death of Genro themselves, and by the slow encroachment of the Cabinet. The Elder Statesmen made modern Japan and ruled it for the first generation of its existence. They nursed its industries, created its army and navy, guided its policy of expansion, and could claim after thirty years that the Japan of their designs in 1867 was the Japan of victorious reality when Russia had to accept defeat at her hands. Rarely has achievement so faithfully reflected its originating conception.

Japan is thus, in theory, a constitutional autocracy, in practice a military oligarchy, and only in the dim promise of the future, a real democracy. The significant feature in her modern history is her preservation of the traditional principle of autocracy as the pivot of the Constitution. In preparing herself to compete with the rest of the modern world she imported the methods and instruments of scientific progress, but excluded, as far as she could, the politics of Europe, molding her Constitution on the model of imperial government. She has thus escaped the catastrophic rupture of ancient custom which has brought chaos in its train in other Asiatic countries; and if she can pursue steadily the course of political development which has brought her to such prominence, she may yet become the supreme object lesson for all Asiatic peoples. She is only midway on that course, and her domestic condition is too unstable to justify any confident prediction of her future. That she has proved her title to be regarded as one of the great powers is self-evident; that her people possess many of the qualities, both moral and physical, which go to make a great nation is also true; but she has yet to prove that she can elevate an economic proletariat to the standing of a responsible electorate.

New forces, emerging from the industrial life of the country, threaten the equilibrium of her constitutional imperial-

ism, and Emperor and oligarchs alike know that a day may come when they must choose between revolution and that evolution in which they will share more power with their own people. The practical realism hitherto shown by Japanese statesmen will probably open their eyes to the lesson of the fate of German imperialism, both at home and abroad, and will prompt them to make terms with the masses before it is too late. For our part, let us observe the weakness as well as the strength of modern Japan; and, in estimating the nature of that phenomenon which is called "The Yellow Peril," preserve a cool judgment accordingly.

The survey of modern Asia which we have just made reveals the unchanging East in the throes of change. Tradition has been overthrown, and in form at least, a new Asia arises on the ashes of the old. Is it indeed a new Asia? Is it more than a passing fever due to the alien views of Western ideas? Who shall say? In no Asiatic country has the process been at work long enough to give clear results. In some, dictators have merely taken the place of the deposed monarchs; in others, chaos is the only visible result of democracy; and in none has the new era any firm foundation in the habits and character of the people. The political novelty, in most cases an exotic importation, is still unstable; and if political change had been the only new feature in this new Asia, we should be justified in regarding it as a temporary aberration from established ways. But it does not stand alone. Education of the people accompanies and strengthens it; the emancipation of women shows that it has a social counterpart of great significance; and the economic development of all countries in which it has taken place has already made wide breaches in an ancient custom.

And so, if we may not yet proclaim the passing of the old order, we must acknowledge that Asia has a vision of the new.



The National Political Situation

By BRUCE BLIVEN

One of the Editors of *The New Republic*, who recently returned to New York after an 8,000-mile tour of the United States made for the purpose of studying political conditions

AS one surveys the present political landscape, the most striking thing on the horizon is the strong likelihood that the Republicans will lose their control of the Senate this Autumn, and perhaps that of the House as well. Even in the Sixty-ninth Congress their rule has been none too solid in either chamber. Nominally the Republicans had a majority of sixteen in the Senate and fifty-nine in the House; but in both cases this included the progressive Republicans, who are quite as likely to vote with the Democrats as with the Republicans, and are sure to do so on some of the issues regarded by the Administration as most important.

This Fall the terms of one-third of the Senate expire. Of the seats to be contested, twenty-seven are Republican—an inheritance from the great Harding landslide of 1920. Nearly all the Democratic Senators are sure of re-election, but of the Republican seats at least eighteen will be hotly contested, with a good chance that a Democrat or an anti-Coolidge Republican will be returned. Indeed, in several States this has already become a certainty through the results of the primary elections. Pepper in Pennsylvania, McKinley in Illinois, Stanfield in Oregon and the late Albert B. Cummins in Iowa, all staunch Coolidge men, were defeated to their own disgust and to the consternation of the leading Republican politicians.

If the Administration loses control of Congress this year it will be no new phenomenon. Indeed, it is coming to be almost a tradition of American politics that this should happen in mid-term; and it does not necessarily foreshadow defeat in the national election two years later. This Fall the tide against the Republicans will be augmented for several reasons, chief of which is the sensational disclosure that vast sums were expended in the Pennsylvania primary, the largest amount being

on behalf of Mr. Pepper, the Coolidge-Mellon candidate. For some reason the public, which failed to get particularly excited about the oil lease scandals of the Harding régime, has been seriously roused over the \$3,000,000 or more spent to secure the Republican nomination in Pennsylvania. As I write, the Senate committee investigating campaign expenditures is in session in Chicago, investigating expenditures in the Illinois primary. It has already uncovered the use of \$1,000,000, with every likelihood that the amount will be substantially larger before this magazine is in the hands of its readers. Of this sum by far the greater proportion was spent by the Republicans. More than \$250,000 was expended by Frank L. Smith, the successful candidate for the Republican nomination, and \$350,000 by his opponent, Senator William B. McKinley. The two men, between them, it will be seen, spent more than three times as much as was expended by Truman H. Newberry in the famous Michigan election, because of which he was forced to give up his seat in the Senate. Unquestionably the facts regarding Illinois, supplementing those revealed in Pennsylvania, have done the prestige of the Republican Party grave harm.

The question most frequently discussed among those interested in political matters, however, is one only secondarily connected with the mid-term Congressional vote. It has to do with President Coolidge himself, and the 1928 election. Will he be a candidate again? If so, will he get the Republican nomination and will that nomination be tantamount to election as it was in 1920 and 1924?

The first of these questions is one which, obviously, can be answered only by the President himself. If he is not ambitious for a second full term, he has certainly given no hint to that effect. One of the few facts about human nature which can be stated with some degree of confidence

is that no man who has tasted power willingly relinquishes it; and the Presidency of the United States is today the most powerful position on earth. It seems almost inconceivable that Mr. Coolidge should not wish to be renominated, and thus to postpone by four years the day when he joins that most lamentable subdivision of the unemployed, the ex-Presidents.

If he again wishes the nomination it will be very difficult indeed for his party to refuse it. That the President is entitled to the chance to succeed himself is another tradition of our politics. Also, the campaign must be made on the party record during the past four years, and to pass over the head of the Administration would be to begin the fight with a serious, even though only tacit, confession of failure. Nor must we forget that the White House is the great source of patronage, the lubricant which keeps the wheels of any political party revolving. The President can go into the convention with a powerful group of delegates chained to his chariot wheel.

MR. COOLIDGE'S POPULARITY

A further point in Mr. Coolidge's favor, if he wants the renomination, is his continued and remarkable popularity with the people—a popularity often under-estimated by the Washington correspondents and one which hardly any one can realize until he has gone through the country and talked, informally and "not for publication" with large numbers of plain citizens. Mr. Coolidge's popularity is personal; has next to nothing to do with his record of achievement, and will certainly be diminished little, if at all, by the disclosure of his inability to make Congress do his bidding. It is based in part on a reaction from Mr. Wilson's lofty idealism and Mr. Harding's floridity; but even more on a feeling that Mr. Coolidge is in his own person an embodiment of some good old-fashioned American qualities, that he stands for economy, hard work, silence, austere morality—things which are believed to be disappearing in this modern age whose outstanding phenomena are flappers, bootleggers, jazz, motor cars and the instalment plan. His admirers do not

exactly expect him to restore the civilization of our fathers, but they do feel that by approving of and voting for him they are in some degree at least registering their implacable opposition to a state of things they do not like.

It must also be recognized that Mr. Coolidge's great popularity is in some measure due to skillful exploitation of his personality by trained publicists having at their command modern inventions never before available. He is our first radio President; his voice has been heard by more people than that of any other man who ever lived; in the 1924 election Republican campaign orators were on the air at least five times as much as all their opponents combined. In addition, motion pictures and the power of the printing press were used with great skill. Mr. Coolidge for several reasons has enjoyed from the beginning an exceptionally good press, which has beyond question been an important factor in "selling him" to the country.

If renominated could Mr. Coolidge be re-elected? Several other factors as yet unmentioned need to be considered; but, above all else, it must be remembered that the Republican Party is now the permanent majority party in the United States—permanent, that is, until some series of events, still unpredictable, brings about a new alignment of political forces. The history of the past thirty years gives conclusive evidence that under normal conditions the Democrats can only hope to win when the Republicans are divided among themselves. It is true that Mr. Wilson was a victor in 1916—by a very narrow margin; but he had three great advantages: the custom of continuing a successful Administration for a second term; the fact that Mr. Hughes's campaign was badly bungled, and the overshadowing presence of the great war in Europe, into which a majority of the American people undoubtedly did not then want to be drawn, and from which they felt that President Wilson, who had "kept us out of war," would continue to stand aloof.

Not only are the Democrats a minority party, but they represent a declining minority. In the North the urban Demo-

crats are growing in numbers, but no faster than should be expected in view of the growth in population. And the "solid South" is beginning to crack, because of its changing economic organization. The movement of the textile industry to the Carolinas, the industrial development which is accompanying increased hydroelectric power resources, are giving the South an interest and outlook startlingly like those of New England. Florida is also being changed by an influx of Northerners, most of whom are probably Republicans.

Incidentally, it is interesting to know that the Ku Klux Klan, which a year or two ago was a formidable power in politics, is waning as an organization—although the Ku Klux circle of ideas is still, and will long continue to be, influential. Accurate figures are, of course, lacking, but I should not be surprised to learn that the dues-paying membership has fallen 50 per cent. This is true throughout the country and especially in the South and West.

REACTION AGAINST PRESIDENT

I have mentioned the chief items in Mr. Coolidge's favor. What are the factors which are likely to militate against his chances? First of all must be mentioned the undoubted fact that his popularity with the country is beginning to decline. It is still great, but not so great as it was. That the tide would some day turn was of course inevitable. Democracies crown their heroes no more suddenly than they decapitate them, and the one process is almost invariably a preliminary to the other. No one could be as widely liked as Mr. Coolidge has been without expecting a reaction.

However, several minor causes have served to accentuate this drift. I have already mentioned the most recent: the Pennsylvania and Illinois exposures, in which the Republican organization was the one most seriously implicated, judging by cash-register totals. There is no doubt, also, that Mr. Coolidge's failure to persuade Congress to do his bidding has made an unfavorable impression; people like him none the less, but his eligibility as President is probably somewhat lowered. It is

true that he succeeded in getting through the Mellon tax bill and the World Court resolution; but the latter was accompanied by crippling, probably fatal, reservations, and he suffered a particularly damaging series of defeats on other matters: new prohibition legislation, Muscle Shoals, coal strike arbitration, the return of alien property, railway consolidation, the Lausanne Treaty. His failure to intervene in the anthracite strike undoubtedly cost him something. On the matter of farm legislation, after standing out against the McNary-Haugen bill, which the farmers wanted, he suddenly became very active on behalf of the Fess bill, which they did not want. Yet his efforts were in vain; some of the men supposed to be most loyal to him turned a cold shoulder to his pleas. One shrewd Washington observer said to the writer at the time: "It is impossible to believe that they would so treat the President if they had the slightest expectation of his remaining in the White House after March 4, 1929."

The farm revolt is generally regarded as the greatest menace both to Mr. Coolidge personally and to his party. The sudden and rather mysterious prosperity which descended on agriculture in the Autumn of 1924, just before the election, afterward fell away almost as promptly. The farmer is not so badly off as he was in the midst of the great deflation of 1921-23; and the burden has to some extent been transferred from the wheat to the corn belt. However, there is enough suffering in the Middle West to make the farmers' resentment a political factor of importance. They believe that the Coolidge Administration could have aided them and didn't. Whether the first of these statements is true is still the subject of acute controversy. Many persons believe with the writer, that the remedy proposed in the McNary-Haugen bill might have created difficulties as great as those it sought to remedy. The Administration could, of course, have done something for the farmer by reducing the tariff on the manufactured goods he buys; but it was unwilling to do so, and has thereby given the Democrats an obvious campaign issue. Whether the remedy proposed was or was not practicable, it is undeniably

true that the Administration made no attempt to relieve agricultural distress.

What can the farmers do in revenge? To a candidate and a party strongly entrenched, nothing. To the same, if tottering, their hostility could be fatal. Frank O. Lowden, former Governor of Illinois and a contender for the Republican nomination in 1920, has made himself spokesman for the farmers' grievances. They believe in and like him, and their support would be of considerable value to him in securing the Republican nomination, though not sufficient by itself to bring this about. How the farmer will feel in 1928 of course depends entirely on the situation in which he then finds himself. A bad crop failure abroad—such as was presaged by the recent floods in some parts of Europe—would do much to rescue American agriculture. It cannot be too often repeated that the Middle Western farmer is not radical. He is merely hungry. Give him prosperity and he is more than likely to return to the Coolidge fold.

FARMERS' ATTITUDE

If the President is renominated and the farmers remain in their present frame of mind about him, some of them, no doubt, will vote for the Democratic nominee in the hope that a victory would mean a lower tariff on the things the farmer buys, even though it would not give him artificially increased prices on the things he sells. Some of them might vote for a Farmer-Labor or Progressive party candidate—if there were one. Such a vote would be one of protest only. There is no possibility that such a third party could win in 1928; and the experience of 1924 shows that a progressive third party draws just as heavily from the Democrats, and in some districts more heavily, than from the Republicans.

Another important danger to Mr. Coolidge is the possibility of an open split in the group of his own supporters. Heretofore he has had the loyal allegiance of two kinds of conservative Republicans: the New England manufacturing bloc, typified by his good friends, Senator Butler and Mr. Stearns; and the Wall Street banking group, whose point of view is com-

petently represented by Dwight Morrow of J. P. Morgan & Co. These two groups have had one important common aim, which has kept them in line behind the President: the desire for a reduction of taxes. This desire has been gratified; the Mellon tax law goes as far as they can hope, at least for a long time to come. Differences heretofore concealed are now coming to the surface, and of these the most important is on tariff policy. New England manufacturers are irrevocably committed to high tariffs, but much of Wall Street is today primarily concerned with investments abroad. If its foreign debtors are to meet interest payments, to say nothing of amortization of principal, they must be allowed to export heavily to this country. That is impossible as long as a high tariff wall is raised against them. Even Mr. Coolidge, with his extraordinary power of keeping divergent groups loyal to himself, cannot avoid alienating one or the other of these factions in the long run. Between them they have heretofore supplied the major part of his support. They also constitute by far the greatest reservoir which the Republican Party is able to tap for campaign funds.

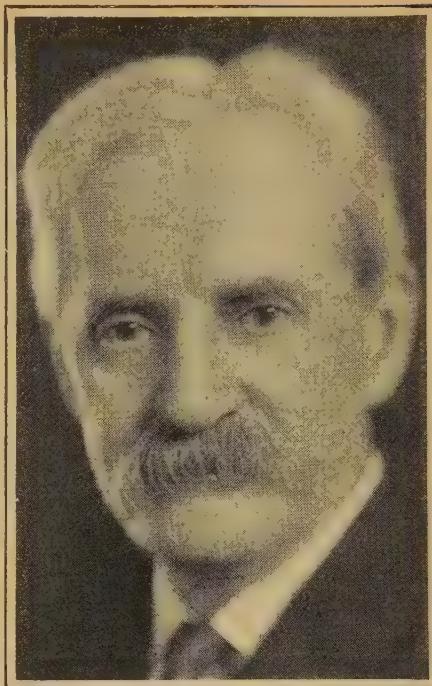
If, for whatever reason, Mr. Coolidge should decide not to offer himself again as a candidate, it is a reasonably good guess that he will throw his enormous influence to the support of Herbert Hoover. The President likes and trusts Mr. Hoover. The latter and Mr. Mellon come closer to running the United States than any two Cabinet officers have done in a generation (and no one has ever yet suggested Mr. Mellon for President). The Republican politicians have lost the fear they had of Mr. Hoover in 1920, when he was an unknown quantity and therefore potentially dangerous. They have decided that he is a real conservative, an opinion which on the whole is correct—though his is the conservatism of the engineer and therefore likely to flare out at any minute into something which seems to the horrified business man to be quite radical. Mr. Hoover is probably not as strong throughout the country as he was in 1920; some of the romantic notion of a crusading Galahad has evaporated during six years' hard work as Secretary of Commerce; but

he is still popular, and has the advantage of knowing far more about the intricacies of public life than he once did. In 1920 he suffered a fatal handicap in the assistance of amateur politicians among his friends in California. Indeed, it is almost certain that he would have been President instead of Mr. Harding had they not persuaded him to declare himself a good and loyal Republican in advance of the Chicago convention. In 1928, if he were made Mr. Coolidge's heir, the California friends would be locked out and his campaign would be handled by experts.

If it were not Coolidge nor Hoover, who else? I have already mentioned Mr. Lowden, who is the farmer's friend, but has little support elsewhere in the party. Senator Borah now and again sounds as though he would be a candidate on an anti-World Court or pro-prohibition platform, or perhaps even as the leader of a progressive bolt. However, you may be sure he will not do the last. Senator Borah has no intention of going up on a high cliff and cutting his throat, just to show far his body would fall. And unless I am gravely mistaken the Republican National Convention will have as little use for a progressive candidate, like the gentleman from Idaho, in 1928 as it had in 1924, which is to say: Rather less than none at all. There are other Republican candidates—including Nicholas Longworth, who is already running furiously in the seclusion of his own backyard—but none sufficiently important to need consideration in a rapid survey.

DEMOCRATS' DIFFICULTIES

What will the Democrats do? Present indications are that they will again shatter themselves on the same rock which ruined their party in 1924. Both William G. McAdoo and Governor Smith are again candidates, as they were then. Neither of them will admit it publicly, but it is true. As things stand, under the two-thirds rule, each man can veto the selection of the other. As was the case before, the dry, Protestant, Anglo-Saxon, rural South—the Ku Klux South, to use a convenient if not wholly accurate label—will be arrayed under the McAdoo banner against the wet



Harris & Ewing

ALBERT B. CUMMINS
United States Senator from Iowa, who
died on July 30, 1926

urban North under Smith. A strong effort is now being made by well-intentioned Democratic reformers to get the two-thirds rule abrogated, and success is confidently predicted—too confidently, in my judgment. The rule will be abandoned eventually; but it will be done when comparative internal peace prevails, and no faction needs the convenient veto power it affords. I find it hard to believe that such a period of peace is near at hand.

The McAdoo-Smith struggle is likely as before to result in a compromise candidate. In 1924, the selection was accidental, an afterthought arrived at when the delegates were emotionally exhausted, physically weary and almost bankrupt. In 1928 an effort will be made to agree in advance, so to speak, on Ritchie of Maryland as the compromise candidate. Ritchie is a popular and appealing figure, best known for his advocacy of States' rights. He has wobbled a great deal on the prohibition question—a fact which ought to be a liability.

ity, but is probably an asset. As in the case of the Republicans, there are a number of other entries in the Democratic dark horse stable, but none who needs to be discussed seriously at this time.

To keep the record complete probably one should mention the situation among the Progressives. This group (its present situation hardly justifies the use of the term "party") has not yet recovered from the blight which fell upon it following the election of 1924. To register a popular vote of nearly 5,000,000 after such a short campaign and in the face of such heavy obstacles might well be regarded as a remarkable achievement; but in America there is but one criterion of effort—success. The election showed that a third party cannot hope to be victorious, at least in the next few years; and therefore the rank and file of the movement has ever since been disheartened to the point of despair. The Progressives in Congress continue to hold the balance of power between the two major parties, but as for a nationwide political movement in 1928 the outlook is decidedly more discouraging than it was, say, in 1922.

The other political groups are of even less importance in any survey of the immediate future. The Socialist Party, hopelessly shattered ever since the war, may be on the upgrade again, as is alleged; but even if this is true the movement is still negligible. American Socialism has always been an offshoot of the German movement; it took over intact a European ideology which was not appropriate to American conditions and no real effort has ever been made to bring about the necessary adaptation. The Communists are still more negligible. The most reliable evidence is that they are few in numbers and dwindling in influence, due largely to the fact that they are under rigid direction from Moscow by men who are childishly ignorant of America, our conditions and temperament. The single tax movement is a mournful relic clinging to the life preserver of meagre subsidization by a few well-to-do friends. Any sort of radical or progressive movement is bound to find hard sledding in America during the next few years. When we have the highest average standard of living ever known, when our workingmen

have conditions of material comfort which the middle class in other countries may well envy, when the United States is the one conspicuously wealthy nation in a war-and-poverty-ridden world—while these things continue to be true, the radical orator will be hard put to it to make American audiences listen.

PROHIBITION AS AN ISSUE

Aside from the farm problem, what are the outstanding political issues before the country? First to be mentioned is the one which politicians of both parties are alike in fearing and in seeking to avoid—prohibition. After six years of enforcement it is creating more interest and is more hotly disputed than at any time in the history of the movement. Both parties are divided over it. Among the Democrats the split is between the dry South and the wet North; among the Republicans it is between the wet East and the dry West.

Newspaper polls a few months ago in various localities which showed a strong majority against prohibition were not, in my opinion, indicative of the actual sentiment in those districts. There seems good reason to believe that if a serious issue were presented at the ballot box the result would be reversed. This is true despite the fact that the West is in actual fact very wet. Nullification, about which Senator Borah has lately been talking, has probably come closer to reality there than in the East. In the former region the writer had an experience which he is assured was quite typical: in city after city, among responsible and well-meaning citizens he found a surprising apathy as to whether prohibition is being intelligently and efficiently enforced. It would seem that the predominant forces in the community do not object to a continuing and heavy consumption of liquor provided the existing laws remain undisturbed on the statute books. They appear to feel that if they can once register a moral preference—as they have done—it does not matter so much whether the facts are brought into accordance with that expression.

Although prohibition is a menace to both parties, it is more serious for the Democrats. They will have to come to some

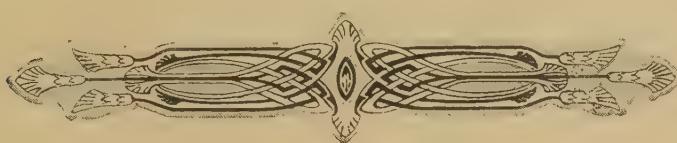
sort of decision about it in their convention, a decision sure to be violently disliked by one wing or the other. The Republicans have only to sit tight, which is difficult, but not impossible.

Senator Borah and a few of his faithful friends are trying to make the World Court an issue both in this Autumn's elections and those of 1928. If, as seems to me quite likely, the other nations in the Court reject the Senate's reservations, and we have to begin all over again, Senator Borah's chances for success may be augmented; but even so they will be slight. The American people do not seem interested in the subject one way or the other, and no amount of wolf-crying will alter their attitude, unless something should happen in Europe to frighten them back into the hysteria of the first post-war years. So far as can be seen, those Americans who are concerned at all about European matters are interested not in the Court but in the League; and this holds true of foes as well as friends. As an issue, the proposal for active American participation in the League is for the present dead; the subject is therefore of little concern one way or another. An attempt has been made by the Hearst newspapers and others to show that the Old Guard Republican Senators like McKinley of Illinois, who have been defeated in their party primaries, have been rebuked by the people for voting for the World Court. There is no reliable evidence that this is true; in every case other causes have been at work amply sufficient to bring about the defeat.

The writer has avoided all prophecy; but it may not be improper in conclusion to give his view of what would happen if

the national conventions were to be held tomorrow and the election not later than next week. It is my judgment that in such a case Mr. Coolidge would again be nominated, though with more difficulty than in 1924, and that the Democrats would again break their hearts over Smith and McAdoo and compromise on some one else. In the subsequent election Mr. Coolidge would be victorious, though by a margin considerably narrower than two years ago. His majority would be reduced by farmer distress and by the absence of a third party movement which in 1924 made it conveniently possible to raise the cry of "Bolshevism!" and frighten the voters into line. Prohibition would be a serious issue, not between the two parties but within the ranks of each. The fights over it would be local, and the probable result would be an increase in the number of wets in Congress—a wet being one who hopes, not to get the Eighteenth Amendment repealed, but to see some degree of nullification of the amendment's actual meaning, brought about with or without modification of the Volstead act. The split in the conservative Republican camp between the high tariff manufacturers and the low tariff international bankers would go on, but could be kept underground, in all likelihood, for some time longer.

In short, it is the writer's opinion that the cycle of conservatism through which the United States is now passing, and has been since the end of the war, remains about as complete as ever. Eventually, no doubt, the pendulum will swing the other way; but the beginning of such a reaction appears to be still some years distant.



Los Angeles as an American Art Centre

By EDGAR LLOYD HAMPTON

Editor, Author and Newspaper Publisher, long resident on the Pacific Coast

IS the position of New York as the art centre of the Western Hemisphere being challenged by that younger and yet more assertive metropolis of the Pacific Coast, Los Angeles? The suggestion, frequently heard nowadays, no doubt has created outbursts of ridicule among New Yorkers. Yet when one considers the direction of this new and aggressive art movement, its universal character, the urge that so strongly impels it, its continually accelerated speed and its present remarkable proportions, one is led to question whether the contention may not, at some time or other, come true.

Art, on the South Pacific Coast—using the term always in its broadest sense—began in the days of '49, when a young man of the California gold fields sent a story, entitled "The Luck of Roaring Camp," to a staid old Eastern monthly, which the lady typesetter read with increasing horror, and refused to put into type. His name was Bret Harte, and he had, as his confrères, such redoubtable young men as Mark Twain, Joaquin Miller, Charles W. Stoddard, and many others whose names later became famous and who were the forerunners of an innumerable throng which moved down the decades, such as Helen Hunt Jackson, William Keith, Henry George, John Muir, Thomas Hill, Ambrose Bierce, Frank Norris and Jack London—a list which reaches its present-day apex with certainly not less than half the leading writers of America, and many from Europe, living at least a part of their lives within the shadow of the Tehachapi, or the yet more lucrative shadow of some Los Angeles motion picture studio.

Drama, from the standpoint of California, likewise had its inception in the gold camps. It began in the noisy and extremely democratic dance halls, where men, with lavish hands, threw gold on the puncheon floors at the feet of bright-eyed ladies, a few of whom later looked triumphantly across the footlights of Broadway, New

York. Having thus inauspiciously started, this art movement proceeded to grow from the dance hall to the legitimate theatre, with the old California Stock Company leading the way in Shakespearean repertoire, flashing against the San Francisco dusk such names as those of Booth and Barrett, thence on down the years with James, Kidder, Warde and their contemporaries, to the present day when a movement is evident along histrionic lines, embodying an entirely different idea of art and its various functions, with a group of new creative minds at work.

Long before this, however, some intrepid traveler beyond the beaten path had discovered the Southern California climate, and the Spanish pueblo, which in those days constituted Los Angeles, began to assume metropolitan proportions and propinquities. This Western community early went in for drama and other forms of art. The first Los Angeles theatre was the Merced, built in 1856 when the village boasted less than 6,000 souls. The first theatrical productions of merit, however, were given in the Childs, built in 1884. The name of this theatre was later changed to Grand Opera House, by which name it was known until 1894, when it was taken over by the Orpheum. This marked the beginning of the present Orpheum circuit—the first house having been established in San Francisco—and likewise the beginning of high-class vaudeville on the Pacific Coast. The Orpheum today covers the entire coast, extending east and south to Chicago and New Orleans. It books an average of 1,500 performers, employs permanently 5,000 people and plays each week to 1,250,000 patrons. It was followed in the vaudeville field, in 1910, by the Pantages circuit, which originated in Seattle in 1903. Pantages today books 500 acts, with 2,000 performers, in 106 theatres along the Pacific Coast. Into the field came also the West Coast Theatres Circuit, the Western Vaudeville Managers

and Meiklejohn and Dunn, all of Los Angeles origin.

LEGITIMATE DRAMA

Meanwhile, the promoters of legitimate drama were struggling to keep pace with the Los Angeles procession. As the population increased, new houses, and new producers, came upon the scene. Important among the names of the pioneers is Oliver Morosco, some of whose shrewdly selected productions and embryo stars stand at the very top in the realm of achievement.

Morosco, however, was simply a pioneer. A number of other artistic movements arose and ran parallel with this dramatic development. There was wonderful scenery to paint, and artists who wished to paint it; novels and plays to write which might take two or three years, and a quiet place—it was quiet in those early days—in which to reduce them to their final form. Even as long as thirty years ago writers and artists of all sorts were forming the habit of living at least a part of each year

in Southern California. Not all who came were artists; climate and scenery also appeal to tourists. Thus came that deluge of tourists, who presently gave to Los Angeles the appellation, "Playground of the World," and also an ever-increasing population, because many tourists became permanent residents, demanding schools, churches, railroads, harbors, parks, department stores and the ten thousand other things which go to make up a metropolis. Then the motion picture people discovered Southern California.

Los Angeles as an art centre of worldwide significance really began with motion pictures. Not that they form more than a small part of the idea contained in the term, but that through their tremendous power they draw in their direction all other conceivable forms of art. Essential to the successful manufacture of motion pictures, which deal so extensively with the out-of-doors, is what is generally mentioned as climate—a transparent atmosphere, conducive to good negatives, and the largest possible number of "sun-



Keystone

A scene from the Mission Play. Native Indians and Spaniards play important rôles

shiny" days in a year; and Southern California has just the climate motion picture producers were looking for. There is a difference of opinion as to who first made a motion picture in Los Angeles. Among the first was Colonel William Selig. There were also William Horsley, who in 1911 made the first "Western," and Al Christie, who started operations the same year—he was the first in Hollywood—and who still holds forth at the scene of his original activities. Close on their heels came Lasky and De Mille, who twelve years ago began with a \$5,000 capital on the present site of the Lasky studio. At about the same time the late Thomas Ince established himself at Inceville and later built the studio at Culver City now owned by Mr. De Mille. Then Sam Goldwyn started what now is Metro-Goldwyn-Mayer, and "Uncle" Carl Laemmle, the outstanding "independent," built Universal City. Many of the first innovations in pictures were made by David Wark Griffith, who, as a director of the old Biograph, started in the East but later removed to Hollywood, where he made a number of his best known films, meanwhile training such future stars as Mary Pickford, the Talmadge and Gish sisters, Mae Marsh and Richard Barthelmess, while simultaneously other companies were training Hobart Bosworth, Earle Williams, Anita Stewart, Beverly Bayne and Francis X. Bushman, though some of these began their careers in the East. The world still remembers such ancient talismanic names as those of Biograph, Edison, Vitagraph, Selig, Lubin, Kalem, Essanay—names embodying a movement destined to revolutionize the entire world's method of entertainment, yet which today fade to dim echoes beside the resounding thunder of such cognomens as Zukor, Laemmle, Fox, De Mille and First National, while a galaxy of half a hundred stars traverses the Los Angeles streets.

A GREAT INDUSTRY

So much for but fifteen years of history. Today there are in operation in and about Los Angeles forty important motion picture producing companies and at least 200 smaller or individual ones. They employ 300 directors, some sixty stars whose names

and faces are known in every civilized country, hundreds of featured players, hundreds of small-part players, other hundreds who do important "bits," 30,000 extras and 50,000 additional employes who work in various other branches of the industry. The gross salaries paid to these people total \$1,500,000 per week. The annual product consists of 600 full-length pictures and some 2,000 of the two-reel variety. The total footage, including prints, is 663,000,000 feet—in other words, 125,500 miles of Fairbanks, Chaplin, Pickford, Swanson, Bill Hart and the rest, enough to go five times around the earth. The cost of these pictures to the producer is \$170,000,000; they go forth to the American public through 20,224 theatres and simultaneously to all other civilized countries—the prints are sent out in forty-two different languages—and, according to the report, are viewed each week by 130,000,000 people, who pay \$750,000,000 annually to see them. Of the motion pictures made in the entire world today the United States produces 90 per cent., and of these 85 per cent. are produced in Southern California.

Motion pictures have acted as an irresistible lodestone. They have drawn artists of the crayon, brush and other allied crafts; some of the largest salaries go to the designers and builders of movie sets. They have drawn historians and statisticians, because pictures include scenes and customs from every country on earth, and the public demands accuracy. Musicians, too, because music is now used in the "shooting" of all dramatic scenes. They have stimulated important schools of acting—there are six in Los Angeles—for reasons that are obvious, and also ballet dancing, which is taught more extensively in this centre than in New York, because dancing is required in most of the present-day motion pictures. Likewise actors are recruited from the legitimate and vaudeville stage, because hundreds of featured players are used continually in motion pictures, a fact which has brought this class of artists to Los Angeles in numbers often exceeding the demand, thus leading to the rise of new booking agencies and hundreds of new vaudeville houses to absorb the overflow. And writers—above all else, writers!



The scene of the Last Supper from the Pilgrimage Play

Writers of novels, plays and short stories innumerable are lured by the fact that there are cases in which \$100,000 is paid for the picture rights of a novel.

A CREATIVE CENTRE

Within the environs of Los Angeles there lives a larger number of nationally known adherents to the various arts, who earn and spend more money per year, who create a more extensive product, send it forth to a larger audience and therefore wield a larger influence upon the public mind, than perhaps may be found in any other centre on earth. And it is essentially a creative centre—a place where things have their beginning, originate and go forth. Refer again to that galaxy of great writers, beginning with Bret Harte and coming on down to Frank Norris and Jack London, while in the realm of produced plays—and the launching of plays is a highly precarious business—the courage and creative qualities of the pioneers have been equally notable. Many important successes have first looked across the footlights of a Los Angeles stage and later run triumphantly in New York, some of them breaking world records.

Abie's Irish Rose ran in Los Angeles for six months before it was produced elsewhere. New York, where it later ran for four consecutive years, with five companies touring the country, rejected the original manuscript. There was Edgar Selwyn, who brought to Los Angeles *The Arab*, and all his other plays. Owen Davis whose play, *The Nervous Wreck*, first saw the light at the Majestic Theatre. Channing Pollock's *The Fool*, which appeared first in Los Angeles and later ran a year and a half in New York. The late Henry Miller, who came each Summer to try out his new plays, and Lee Wilson Dodd whose successful comedy, *The Changeling*, was given its first showing at the Mason in 1923. In short, Los Angeles has long been first in the list of "try-out" cities, as likewise it now is preeminently the creative city of the new mode.

That so much artistic enterprise should result in the discovery of new and sometimes brilliant talent, was of course inevitable. Not all of those mentioned here first appeared on the stage in Los Angeles, yet many did, and all in a measure framed their careers out of the vital experience gained in those pioneer days. Theodore

Roberts, now the grand old man of the screen, played himself to increased fame as Jo Portugais, in the first production of *The Right of Way*. Fay Bainter was originally a little song and dance girl at the Burbank. Bessie Barriscale, then virtually unknown, was picked up by Morosco for the star part in the original production of *The Bird of Paradise*. Marjorie Rambeau, a young girl doing small parts in a San Diego stock company, was given her chance, and passed on to fame from the springboard of *Merely Mary Ann*. Frances White, whom Billie Rock later developed as his partner; Norman Bel Geddes, who today, is a leading New York artist; Jane Cowl, the little San Francisco girl, Laurette Taylor, Florence Roberts, Blanche Bates, Roberta Arnold, Bill Desmond—all these and more serve to adorn the list.

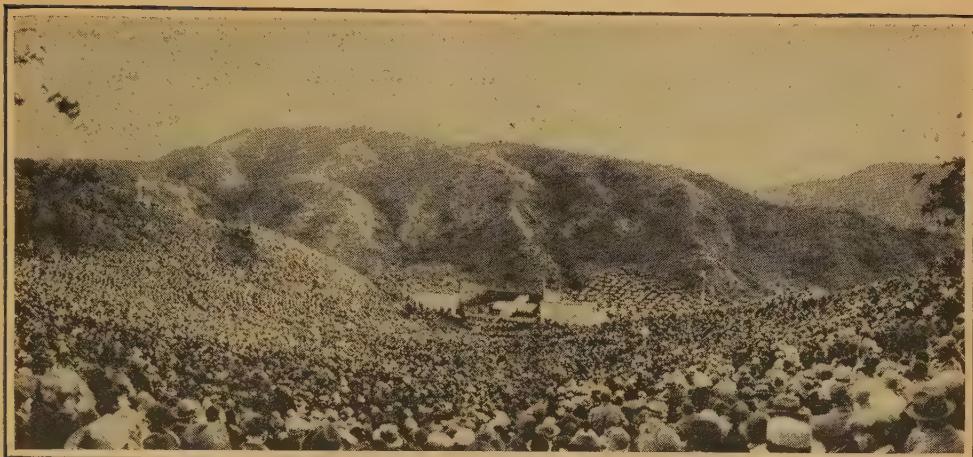
THE MISSION PLAY

There is another phase of this art movement in Southern California which is even more significant. That is the attitude of the local population, its reaction to the ideals embodied in the term—in short, the

community spirit in art development. The extent to which they unselfishly devote their time, energies and money to fostering the arts, is both remarkable and inspiring. One of the happiest examples of this finds its expression in *The Mission Play*. This play, or rather pageant, by John Steven McGroarty, an old-time Los Angeles newspaper man, dramatizes the period of the padres and their missions, of a hundred years ago. It is put on in the Village of San Gabriel, ten miles east of Los Angeles. Here, with such stars as Frederick Warde, Tyrone Power, R. D. MacLean and a cast of several hundred, it has run continuously for more than fourteen years, playing to millions of people. The extent to which it is viewed in the light of an institution was finely demonstrated in a recent announcement of a "guests performance," in honor of those who had seen the play as many as five times. The response would have filled the playhouse at least a dozen times. It was learned there were 5,000 people who had been present as many as twenty times, while one lady held the record with forty-eight performances. This play, visited by many Californians as a sort



The New Community Theatre, Pasadena



Keystone

Easter sunrise service in the Hollywood Bowl. The "living cross" in the centre is composed of 500 children—singers from the Hollywood Community Chorus

of annual pilgrimage, has been performed in a single spot more frequently than any other in the world's history with the exception of Oberammergau. It has never made money; indeed it has lost a fortune for its sponsors. Yet the public, led by the Los Angeles Chamber of Commerce, has just now subscribed an additional \$400,000 to build it a new theatre commensurate with its plan and purpose.

HOLLYWOOD BOWL

Yet more remarkable as an evidence of this community spirit is what the world now knows as the Hollywood Bowl. This open-air natural amphitheatre, with a seating capacity of 20,000, set down in a chalice of the hills just back of Hollywood, is entirely dedicated to music of the highest order and at popular prices. Each Summer, running five nights a week for seven weeks, there are held here what are known as the open-air bowl concerts. The musicians are the Los Angeles Philharmonic Orchestra, a group of 100 players, said to be among the best in America; they are led by world-renowned directors and give programs consisting of the finest classical music, at a cost of \$2,300 for a single performance and \$80,000 for the season. The highest admission paid to these concerts is 50 cents, and in books of forty tickets it is 25 cents. Yet each season shows a profit. Through the sale of tickets and a series of "penny contributions," the bowl itself was

built, the stage erected, the seats installed and the sixty-five acres of property finally purchased—and heavily mortgaged. This was in 1920. Last season, at a great and happy demonstration, attended by the Board of County Supervisors, who publicly foster many artistic movements, the final payment was made, and the mortgage burned. The paid admissions last year exceeded 250,000, while the 500 boxes were purchased by public-spirited citizens. Since the day of its inception no officer of the bowl has ever accepted a dollar for his or her services.

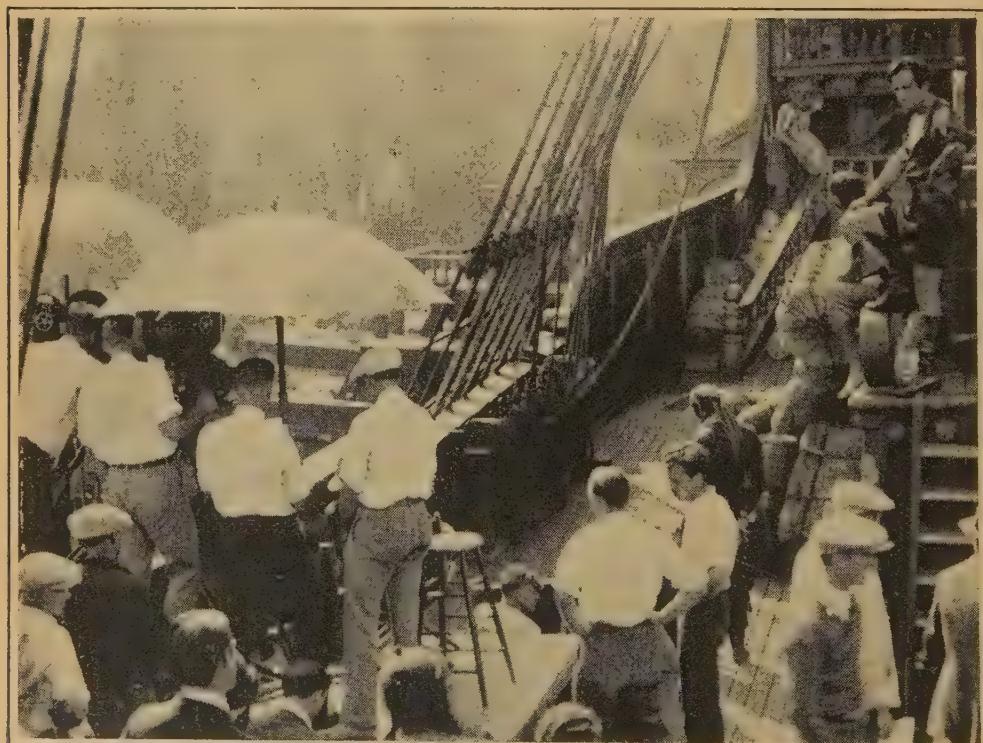
A few hundred yards from the Bowl, across the boulevard in a similar chalice of the hills, is another open-air theatre. During any midsummer evening, the music-lover, listening in the Hollywood Bowl to immortal symphonies, may glance across the starlit night to the dim top of a hill, see there a huge cross blazing against the sky and know that beneath that cross is being enacted *The Pilgrimage Play*, now known as America's story of the life deeds of the Christ, written and produced by Mrs. Christine Wetherell Stevenson, a saintly woman who two years ago bequeathed both the play and its theatre to Los Angeles County.

Another phase of the musical expression of these truly creative impulses is found in the Community Chorus. The purpose of a Community Chorus, as embodied in

the California movement, is to promote community friendliness, and develop groups who sing both classical music and American folk songs. The movement started in 1917, almost simultaneously in New York and Hollywood. In the latter region the idea found friendly soil and grew accordingly. Today there are twenty-five choruses in Southern California, reaching from Santa Barbara to San Diego, with 40,000 singers. One night each week they meet in high school auditoriums to sing the songs of America and at intervals hold competitive "sings" in the presence of competent judges.

The Little Theatre movement originated at the Literary Theatre, in Chicago in 1915. In 1917, it reached Southern California with a house in Pasadena. Despite many setbacks the movement continued to grow. In 1925 the people of Pasadena finished their permanent playhouse. It was built from donated funds, and likewise donated labor. The memory still prevails,

of millionaires in overalls and humble artisans, with hammers and saws, working side by side in this real labor of love. The cash involved in this building was \$350,000. Yet one of New York's most prominent managers has since pronounced it the most beautiful theatre in America. In addition to the Pasadena house there are the Potboilers' Theatre, which began in 1923; Egan's Little Theatre, where *White Collars* ran for four consecutive years; the Lobero Theatre, of Santa Barbara; a notable group in the nearby town of Santa Ana; the Art Theatre, Hollywood; while the Writer's Club, also in Hollywood, each month puts on a series of one-act plays with famous dramatic and motion picture artists donating their services. The thought that inspires this Little Theatre movement, which of course is national, is purely one of fostering the arts. From thousands of New York's rejected manuscripts they cull a first-class drama, produce it, and thus make a definite contribution to the nation's



Wide World

Making a motion picture at Hollywood. Douglas Fairbanks is at the extreme right

art. Perhaps it was for this reason that Los Angeles is today known as the chief sponsor of the Little Theatre movement.

Grand opera came to Los Angeles through L. E. Behymer, who brought the first troupe in the '90s, and who later brought the Metropolitan and the Chicago civic opera companies. Fortune Gallo, too, a world-famed manager, knight of the Crown of Italy, has greatly helped to promote the art in his adopted city. Yet in each instance they were foreign companies.

However, two years ago Los Angeles and San Francisco both inaugurated grand opera on a local basis. Today there are two permanent organizations, the California Grand Opera Company and the Los Angeles Grand Opera Company, which, through an exchange of artists brought out from the East and from Europe, present in the two cities annual repertoires said to be equal to those produced in Chicago and New York. Their choruses and ballet dancers are locally selected and trained. Last season the artists included Tito Schipa, Louise Homer, Claudia Muzio and others of equal renown, with such an eminent director as Richard Hegeman, while the two repertoires included works by Wagner, Verdi and other leading composers.

PUBLIC ENCOURAGEMENT

All forms of art alike seem to call forth a keen public response, and all are in a measure publicly fostered and encouraged. The Board of Supervisors of Los Angeles County has been foremost in this movement. It has aided *The Pilgrimage Play*, *The Mission Play* and other enterprises. For many years it contributed \$10,000 annually to the publicity fund for the bowl. Last year it contributed an additional \$100,000 for improvements; later, at the request of the officials, it took a deed to the sixty-five acres, returned a ninety-nine-year lease to the association at a rental of \$1 per year, and sponsored a movement for another \$300,000 to build a new stage, improve the grounds and increase the seating capacity, in an effort to make of the Bowl an institution second to none in the world.

In a half dozen local city parks programs of both classical and popular music

are played for the public from open-air pavilions throughout the year. These concerts the Board of Park Commissioners broadcast through an arrangement with the different radio stations. The towns of Long Beach, Venice, Santa Monica and other seaside resorts furnish each Summer open-air concerts to the public through their municipal orchestras. Pomona has a Greek theatre in which music of an artistic nature is given. Glendale has a newly formed symphony orchestra. The Pasadena Rose Bowl, with 60,000 seats, is used for musical programs and festivals. In San Diego the Balboa Park organ pavilion has become nationally famous. The Los Angeles Coliseum, an open-air theatre seating 80,000 people, presents *The Wayfarer*, a stupendous symbolic spectacle with 8,000 performers, including a chorus of 4,000, while during a month each Winter the Philharmonic Orchestra, through the generosity of W. A. Clarke Jr., provides in this same coliseum symphony concerts with a hundred musicians at a 10-cent general admission. Thus is there open-air music Winter and Summer alike, with community choruses, grand opera and classical concerts filling in the interim. Meanwhile, in a thousand more or less quiet nooks, the writers continue to write, the painters paint, the producers try out their new plays, the ballet dancers teach the latest steps, while the movies shoot their 125,000 miles of film and send them forth to every nook and corner of the universe.

If it is true that, in a region where things are still in process of development, man's creative faculties find their most favorable environment, it might help to explain that creative urge which seems to have possessed Californians ever since the days of '49, that has given the people vision to foresee and to carry forward tremendous programs in industry, and meanwhile has left them seriously questioning the former prerogative of New York to originate ideas in American art and literature, and decide which shall become permanent. In other words, here is a new, distinctive phase in our national life, more original, more vital, more varied in its forms of expression, and better organized than any similar movement in America.

China's Relations to the Great Powers

By HAROLD S. QUIGLEY

Professor of Political Science, University of Minnesota

TWO powerful forces are at work to destroy each other in the contemporary international relations of China—the older diplomacy of the powers that fought the World War and made the Peace of Versailles together and the new diplomacy of the Union of Soviet Socialist Republics. The outcome is still in question. China, on her part, although she has not lost but gained standing in the international community during the republican period, is faced by difficult problems in her relations with a number of powers as she seeks to obtain a position of equality with them. The powers with which she is particularly engaged today are Japan, Russia, Great Britain and the United States. France is inclined to maintain her position and to act as an individual in the Far East. Germany is slowly regaining trade and influence.

At the present juncture Japan wears the smooth vestments of conciliation. Deprived of her Shantung acquisitions, her Manchurian "Demands" reduced or denationalized, her amour propre outraged by the American immigration act, Japan has given the world an amazing proof of civilization in her temperate conduct. Her view today is the long view; she is willing to wait, and while waiting she is improving her time making friends; not as a respecter of persons either, but wherever she finds a welcome. Beyond doubt this friendly attitude has succeeded. No State today calls Japan enemy, not even China. With Russia she is back on terms of tolerance. And she maintains her place among her allies and associates of the war period with undiminished influence.

Toward China Japan's policy is aimed at bringing about a common attitude and a joint program of action in the preservation of the territorial and administrative integrity of the two empires. This policy is complemented by an unofficial movement among the literary people of Japan toward producing a mutual regard among

Japanese and Chinese for Oriental culture and mutual action to maintain and intensify it. The existence of the policy of conciliation is demonstrated by Japan's action in restoring Tsingtao and the Shantung Railway and other privileges, by her withdrawal of troops from Hankow, her surrender of her control of the "Asiatic Monroe Doctrine"—tacit in her acceptance of the abolition of spheres of influence in China—and her withdrawal of Group V of the Twenty-one Demands, also by a number of less advertised actions, such as her support of Chinese opposition to foreign railway supervision, her lukewarm support of the Consortium's condition of financial supervision by lending powers, her attitude on certain issues at the Tariff Conference and her failure to take vigorous action in a number of incidents in which Japanese nationals have been killed or injured, the last of which involved an affront to a Japanese warship.

Unfortunately, a large part of the favorable influence thus being exerted is canceled in the Chinese mind by Japan's policy in Manchuria. The most important of the Twenty-one Demands that still survive are those which compelled China to extend the leases of Liaotung, with its great ports, Dairen and Port Arthur, and the railways of South Manchuria to ninety-nine years. With the leases is associated Japan's monopoly in fact, if not in name, of the Fengtien coal and iron beds. In the consortium negotiations, the outcome of which was made a part of the record of the Washington Conference, Japan was led to modify her expression of railway ambitions in Manchuria. But she did not surrender them by any means, and it is highly significant that the Consortium has not built any railways in Manchuria, while Japan has practically completed the line from Taonanfu to Tsitsihar, which was specifically set down in the negotiations as one to be built by the consortium. This privilege, certainly, Japan would not un-

dertake to exercise without the consortium's consent. To the Chinese it must appear as if the Consortium had made a "grandstand play" to get Japan to include her spheres within the pooling limits of the associated banks in order to get China's confidence, with the understanding that Japan would be left alone in the actual exploitation of South Manchuria and Eastern Inner Mongolia.

JAPANESE INTERESTS IN MANCHURIA

Meanwhile, South Manchuria fails to attract non-Japanese enterprises and takes on day by day a more Japanese aspect. Is Japan hoping that a policy of supporting China's wishes elsewhere will prove an adequate compensation for South Manchuria? In the development of Chinese sovereignty there will not be room for the obvious political corollaries of the sweeping economic activities which Japan now exercises in that region. Either Japan will have to restrict herself to purely economic enterprises or she will have to annex the region. So long as the Chinese continue to believe, as they do today, that Japan contemplates—given the time and circumstances—the annexation of a portion of Chinese territory, Japan will find it difficult to bring about that cordiality of relations which today she is seeking so consistently.

With Russia Japan is back on a treaty basis, and an influential, but not the most influential, section of Japanese opinion is supporting the establishment of a close accord with the Soviet Union. The success of that group, however, would involve a sacrifice of Japanese ambitions, which are no longer satisfied with a free hand in developing Southern Manchuria, but contemplate railway building and other enterprises in the northerly portions of that great region which were recognized by Japan previously as Russia's sphere of activity. Russia continues to desire that sphere, is in a position to hold it and cannot be expected to ally herself with Japan on any other basis than the old one of a division of Manchuria and Mongolia between them.

After the retention of her Manchurian position Japan places first the maintenance of the most cordial relations with the United States and the British Empire. In

this connection the outstanding features are the doctrines of the open door and the integrity of China. Toward making these doctrines effective Japan made by far the greatest contribution at the Washington Conference in surrendering her Shantung conquests, raising no objections to the operation of the most-favored-nation clause in South Manchuria, agreeing to the abolition of spheres and dropping Group V of the Twenty-one Demands. Through these provisions Japan aligned herself definitely with the powers which have stood most consistently for the open door and China's integrity.

Granting this, Japan's problem is that of maintaining harmonious relations with her two great competitors for the trade and exploitation of China and at the same time seeking to establish a Far Eastern "front" toward the West and to explore the possibilities of her new rapprochement with Russia. She has the great advantage over Great Britain and the United States of position, of cheaper labor and of intimate acquaintance with the civilization of China. If she wished she might raise the cry of race equality. But so far she has demanded simply equality for her own people, a sign of her difficulty in trying to face both East and West at the same time. What she lacks are capital, mineral resources, and food for her people. The latter two she now obtains from South Manchuria, and to retain them on some assured basis she would probably stake her existence, as would any other people which had received recognition as a great power.

Japan is not inclined today toward any type of cooperation with other powers designed to supervise or control any feature of Chinese administration. In this respect she is, apparently, more solicitous of China's administrative integrity than are the other Consortium powers. That may be true or it may be that she anticipates greater influence for herself if the proposals of international supervision are thwarted. At any rate, her opposition to any extension of foreign supervision is an obstacle to smooth relations with the other powers. At the same time it is in accord with China's new nationalism and with the vaunted anti-imperialism of Soviet Russia.

This development, together with the fact of the Russo-Japanese treaty, finally concluded after a prolonged series of negotiations, and the arrival of China and Russia upon a working basis, has promoted the suggestion that a Far Eastern bloc is in process of formation, having for its main object the destruction of Western preferential rights in China and the adoption of a unified program toward other powers.

JAPANESE FRIENDSHIP

It is clear that Japan wishes to pursue a policy of friendship toward all nations today and that she will not willingly join any combination that would bring her into opposition with other countries. She prizes her high place in international society and her very profitable trade with the United States. She has special reasons for seeking the confidence and cooperation of China and Russia, but it would be no compliment to Japanese diplomacy to suggest that it would think of weighing China and Russia in the balance as against the British Empire and the United States.

To analyze the contemporary position of Russia in the Far East is a task rendered no easier by her progress in obtaining recognition from all the great powers save the United States.

The Soviet Government won the esteem and confidence of the Chinese people when it surrendered voluntarily those general treaty rights, extraterritoriality, customs control, residential concessions, and legation guards, which the newly-awakened nationalism of China so strongly resents. It is true that the Chinese Government had canceled a number of Russian rights before 1924. But it appears now to be probable that it intended to surrender its rights in order that it might use its new position of "equality" with China as the platform from which to deliver the attack upon the "imperialistic powers" which has appeared as the most striking and consistent feature of its policy in China since May 31, 1924.

Between 1920 and 1926 there has been time for the Chinese to appraise the Russian sacrifices and to discover that they do not include all that had been anticipated from the manifestoes that were published. On the Russian side it has been found that the influence of Chang Tso-lin, in control

of Manchuria, must be countered before arrangements made with a less recalcitrant Government at Peking can become effective. Relations which seemed to be developing very cordially, culminating in the Sino-Russian agreement of 1924, have not yet produced a definitive treaty, and the likelihood of such a treaty being signed is difficult to estimate. In the meantime the Soviet Government has employed itself in public incitement of the Chinese people to a revolt against the "unequal treaties."

The significance of the denunciations, the amount of "Soviet gold" distributed and the influence of Russian civil and military advisers have been exaggerated. The Russian sun and rain have played upon soil well seeded and fertilized by the general contribution of Western ideas, not the least of them American. Nor is the crop genuinely Bolshevik, since, as the Russians themselves admit, Chinese conditions are not suited to the development of communism. China has no exploiting class and no great class distinctions, no autocracy in Government, landholding or the church. She is, however, educationally, industrially and politically backward and she has come recently to ascribe her backwardness in large part to the various restrictions placed upon her movements by foreign control of her revenues and foreign exemptions from her laws. Hence her ready response when a single foreign nation surrenders rights which preachers and teachers of many foreign institutions in China have taught their students to regard as essential to that vague but universally desirable attribute which Western States call sovereignty.

As in the case of Japan, progress toward a mutually satisfactory Sino-Russian régime finds obstacles in Russia's obvious intention to retain the old Czarist spheres of influence in Outer Mongolia and Northern Manchuria. True, Russia recognized in 1924 "that Outer Mongolia is an integral part of the Republic of China," but it is well understood that the recognition of sovereignty has been in the past and may be in the future the disguise put on by a more powerful Government in which the actual administrative control and usufruct of the "protected" territory resides. Russia faces Japan for the control of Northeastern Asia just as truly today as ever.

before, and she would hesitate, even if she were inclined to do so, to withdraw her influence from a region bordering her own territory so extensively when the probability of Japanese influence taking its place is so strong. In view of her long-standing interest and influence in Mongolia and of the comparative success of her propaganda there, Russia is not inclined to do more than pay lip-service to the weak and discredited Chinese Government.

RUSSIAN SPHERE OF INFLUENCE

As for Northern Manchuria, the Soviets have dispossessed the surviving Czarist influence there by the simple device of consenting to declare with China that "the Chinese Eastern Railway is a purely commercial enterprise"—as if it could be made such by the mere statement. Although the administrative usurpations of the old Russian régime in the railway zone have been swept away, there is no way by which a great power can operate a railway through the territory of a weaker State without exercising political influence over the area and the government. Northern Manchuria thus continues a sphere of Russian influence just as Southern Manchuria remains a Japanese sphere. China hardly will deal confidently with Russia under such conditions, particularly in view of the fact that the Soviet Government, in its anxiety to obtain control of the railway, stooped to make a separate treaty with Chang Tso-lin, who had, two years previously, declared Manchuria independent of the Peking Government.

Russia promises, without date, to withdraw her troops from Outer Mongolia and to permit the Chinese Government to redeem the Chinese Eastern Railway. Events, however, may render these promises obsolete. It would seem that there are the gravest possibilities, among which China's internal confusion would prove the primary factor, of a division of the spoils on either a friendly basis or after another conflict between the two powers at present in actual control of the vast northern marches of China. The disadvantages thus suffered by Russia and Japan in their diplomatic relations with China are not unique. Rather do they serve to place

those countries, in Chinese eyes, in the same class with the rest of the imperialistic powers and to offset any special advantages of position or similarity of culture.

The Chinese people respect and fear but do not love the British. Upon them they place the major portion of responsibility for forcing China to admit Western intercourse upon equal terms and they think of Great Britain today in terms of territories lost or well-nigh lost, of government services—the customs and salt administrations—managed by aliens, of peremptory demands for strict observance of treaties. In short, to the Chinese Great Britain stands as the author of their unequal international status and the guide of the diplomatic body in maintaining it.

The British have been, from the beginning of trade with China, at the centre of every argument which concerned the treaty rights of foreign States. History repeated itself very recently. The incidents involving bloodshed at Shanghai and Canton in May and June, 1925, have reacted upon the whole foreign community in China, but principally upon the British. British trade is suffering a boycott today at Canton, while that with other countries is welcomed. It has been the policy of Great Britain to deal firmly with the Chinese, to take no chances, to rely upon the shrewd business sense of the people rather than their friendship, to assure the safety of the foreign community by intimidation rather than conciliation. Whatever is owed to that policy in the past, it has produced a legacy of ill-will to set beside its benefits.

Added to her own sins in the eyes of the Chinese were Japan's, when, in consequence of the Anglo-Japanese alliance, Great Britain was practically forced into endorsing the aggressive program of Japan. With the termination of the alliance began a new period in British relations with China, one in which emphasis was to be placed upon cooperation with the United States and the actual application of the Open Door doctrine. The evidences of the new policy on the British side are collaboration with the United States in determining the scope and terms of the loans that might be made by the Consortium and acquiescence in the American policies of

holding the tariff revision conference and of carrying on the investigation of extraterritoriality and Chinese legal administration as provided for at the Washington conference.

British relations with China were rendered more cordial by the declared intention to restore Wei Hai Wei, the British lease in Northern Shantung, but negotiations to that end have not moved rapidly. Opinion among British missionaries in favor of treaty renunciation has been gathering force and has been exerted to affect the action of the Government. Symptomatic of the realization of the issues at stake is the recent action of the Shanghai Municipal Council in voting to recommend the admission of a limited number of Chinese members. Recently the British Parliament voted to return the unpaid portion of the British share of the Boxer indemnity to China. Most significant of all the evidences of the change in the British attitude is the refusal of the Government to compel the opening of the port of Canton, closed by the boycott, to British trade.

The question of Tibet remains an issue between China and Great Britain. That little known region wishes to continue as in the past an autonomous vassal State of China. No doubt that relationship would be satisfactory to China if she could feel confident that it would remain permanent. But she fears that advantage will be taken of her slight control over Tibet and desires to bring the area more completely under her Government. To Great Britain the interest in Tibet is twofold—trade and security. In 1912 she refused to permit China, under the strong Government of Yuan Shih-kai, to conquer the faction in Tibet that was opposing a closer integration of the territory with China. Not, apparently, wishing Tibet for herself, she will not permit it to become a portion of China proper.

The Chinese realize that the amelioration of their international status depends principally upon the attitude of Great Britain, because of the preponderance of that country's investment in the trade and development of China. What they should also realize is that the British argument of mutual advantage is well-founded. In British governmental circles it appears already to be recognized that the new spirit of China

calls for new methods of treatment and that it will be necessary to establish a more equalitarian relationship between China and capitalist nations before the former profitable era of railway and industrial development can be revived. Undoubtedly, British interests, like those of America, will prosper most in an atmosphere of equal opportunity, provided that the Chinese are enabled to feel confidence that the same equality exists for them as for the nations competing for their trade. The British position is a hard one today, because it appears inevitable that in the impending period of restoration of authority the largest foreign interests will suffer the most. It is for China to take account of this fact and to moderate her demands for immediate emancipation.

AMERICA'S POSITION

Americans have not been mistaken in believing that the Chinese have regarded them as friends. Without smugness, because outsiders admit its truth, Americans may claim to have dealt more fairly with China than has any other important trading and investing people. That the Chinese of every class and in all parts of the country know this is evidence of the existence of channels of information accessible to the illiterate. The resulting good-will today is less evident. The people of China are tending to place America in a common category with the "imperialistic powers."

America's good name in China was earned during a period when other Western countries were seizing territories and demanding extensive spheres of interest. It was John Hay who, while terminating the movement toward the break-up of China, introduced the principle of the Open Door and in so doing placed the United States on an equality with other States in the economic development of the country. For two decades the Open Door policy was destined to lie in the pigeon-holes of foreign offices, to the disadvantage of the United States financially, but to the preservation of American credit with the people of China. President Wilson contributed to our prestige in withdrawing from the financial Consortium in 1913. The change in America's position came when the Presi-

dent changed his mind and endorsed our re-entry into the Consortium. The United States then became the dominant voice in a combination which was prepared to shut off the greater sources of loan funds from China unless that country would authorize a degree of foreign financial supervision which it considered both objectionable and dangerous. The life of the new Consortium has been contemporary with a period of almost utter stagnation in governmental reorganization, railway building and other constructive enterprises. For this the United States is held mainly responsible. Apparently, China would rather take her chances with the powers separately than with the combination represented in the Consortium.

A second explanation of China's new attitude toward the United States lies in the definite establishment of the policy of cooperation with Great Britain which grew out of the World War. To China that development meant a stiffening of American, as well as a relaxation of British, policy. Evidence that this was a well-founded anticipation is forthcoming in American endorsement of the still-born plan to place a police force under foreign command over China's railways; in American participation in the protection of the Canton customs funds against seizure by Sun Yat-sen, and in the recent threat to take naval action if the Peiho were not opened to traffic, as well as in the absence of criticism of such incidents as occurred last year in Shanghai and Canton. The attitude of the Department of State has not always been imitated by the representatives of Congress nor by private individuals.

The United States has frequently been criticized by the Chinese for its failure to make the Open Door policy effective. At present there is serious doubt among them regarding the American Government's attitude on the question of Manchuria. Loans of American banks to Japanese quasi-governmental corporations to be used in stimulating Japanese immigration to and industrial development of Manchuria appear to the Chinese, ignorant of the real attitude of the State Department toward such loans, to be evidence of indifference to the fate of Manchuria. American trade has not been able to meet Japanese competition, has

made no progress toward railway development, and there appears to be, in general, a wait-and-see policy regarding the region. It would appear that the lack of regular relations with Russia is a felt deficiency in the American diplomatic equipment for affecting the progress of Japanese control in South Manchuria and Eastern Inner Mongolia. It is not suggested that the United States Government desires to hinder the development of Japan. America's relations with China are conditioned primarily by the universal desire of her people for peace and friendly relations with Japan. What is desired is to accommodate Japan within the limitations of the open door and integrity of China policies. The record of the Washington Conference contains very little information on the problem of Manchuria, but what it contains indicates that the United States still regards Manchuria as a part of China.

In spite of these changes in the American situation, it is probable that the United States has not lost altogether its special position in the confidence and good-will of the Chinese people. What was lost at Versailles was regained at Washington. American leadership has been marked in the effort to effectuate the tariff treaty and the resolution on extraterritoriality. The sentiment of American missionaries has offset the views of the associated American chambers of commerce in China. And the absence of such physical evidences of interference as settlements, leases, spheres and protectorates continues to give to America a margin of advantage in Chinese eyes.

The American position is not an easy one. There is danger of falling between two stools—interest in the strengthening of China and in retaining her friendship on the one hand, and cooperation with Great Britain and other powers on the other. To fail in the former desideratum would be to destroy a tradition and to lose an important advantage in the race for trade and investment opportunities, while to be isolated would mean to be compelled to meet more vigorous international competition and to lose an opportunity for leadership. It will require the most astute diplomacy to keep the confidence of both sides.

Canton's Contribution to the Chinese Revolution

By JOHN C. GRIGGS

Head of the Department of English Language and Literature, Canton Christian College,
Canton, China

BEFORE my return to Canton from America in September, 1925, it was said that Canton had "gone red," that communism and all sorts of radical movements were in full swing, that the anti-British resentment, which had found expression in boycott, strike, and embargo upon Hongkong, was under Russian influence rapidly developing into so sweeping an anti-Western demonstration that even Americans, toward whom feelings had hitherto been friendly, would be forced to retire from further mercantile and educational enterprises, and in general that chaos and political destruction were rampant.

Nine months' further residence in Canton has shown the exaggeration of these statements. There is a Communist Party, turbulent and iconoclastic, abusive in its anti-foreign propaganda. Its influence is felt in Government affairs, but it is by no means dominant. Its activities on more than one occasion have been summarily curbed. There are Russians who are frank in saying their objectives are not entirely altruistic. They want markets and are already getting them for their oil. As in the North they want to offset the influence of Japan, so here in the South they are without doubt most eager to undermine Great Britain in every way possible. With this is the larger desire of winning China's adherence to Bolshevik principles and practice. In the propagation of principles they are making progress, but in the disruption of the social order, if such is their aim, in practices of proscription, reprisal and destruction the Russians are at a standstill, having as yet not even made a beginning.

The only thing comparable to a reign of terror is the arrogance of the strikers, who when excluded from Hongkong made Canton their headquarters and have since then shut British trade out of Canton and the

Province of Kwantung, in which Canton is situated. In all but actual clash of arms Canton and Hongkong have been for a year in a state of war, with the injustices and inconsistencies on both sides which arise from a war psychology. Although the Russians have most skillfully capitalized that controversy to their own ends, they certainly did not originate it. To argue that they did is to blind one's self to other influences far more subtle and deep than any which Russia can bring to bear upon China.

Whatever may be one's final judgment upon the Russians and their sinister economic, social and political propaganda, it must be granted that in some respects they have been a unifying and conserving element in Canton, as witness the firm stand which their chief, Mr. Borodin, took against the anti-Christian disturbance which had been long planned for Christmas week. They have helped create a better trained, better disciplined and more intelligent body of troops than Kwantung has ever had previously, and their influence in civil affairs has been for a well-ordered administration.

The Government now functioning in Canton with such large measure of efficiency claims to be a National Government in its own right. It derives no authority from Peking, but looks, however chimerically, toward extending its area until it shall become supreme in a unified China. A one-party Government, its sole source of authority is the Kwonmintang, the party which in the past was the exemplifier, as it is now the inheritor of the doctrines and prestige of Sun Yat-sen. The Communist Party is rather a group or faction, partly within the Kwonmintang, and is far from being a balancing opposition. The only open organized opposition to the Kwonmintang was the military forces under General Chan Chiung-ming and his sympathizers, which

were defeated and driven from the province in the Fall of 1925, and which are always spoken of as rebels. The Kwonmin tang is essentially a radical party, but within it is a great difference, at times almost a cleavage, between radical and moderate wings.

RADICALS AND MODERATES

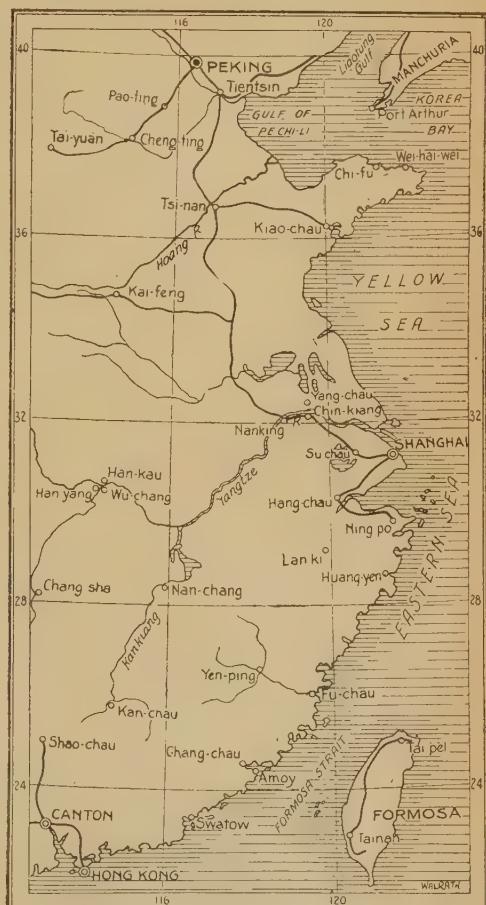
The personnel of the Government consists chiefly of high-minded, hard-working, clean-living young men, many of them of foreign education. The more radical are involved with the Russians, with the Communist Party and the strikers; the more conservative realize that they have evoked and energized a form of class prejudice which may be their own undoing, and are trying to find a way out of the strike deadlock and the unfortunate conflicts which it has aroused among the Chinese themselves. All are loud in denunciation of "imperialism," the unequal treaties and all forms of special privilege. It is hard to understand how the two wings of the party and administration have got on as well together as they have. Coordination and a show of uniformity has been managed by frequent elimination of individuals, members of both the right and the left being retired if they seemed to be getting too much prominence. The mantle of Sun Yat-sen has fallen upon followers, but as yet upon no one strong successor. These two facts—a single party and divided and ever-changing leadership—are the elements of weakness, which perilously invite, at some new crisis, a return of military dictatorship.

The Kwonmin tang justifies its assumption of sovereignty on the basis of Sun Yat-sen's theory that China is now, or should be, in the second of the three great revolutionary periods, the "period of tutelage," and that the Kwonmin tang is the inspired tutor on whom rests the duty of making possible the eventual third "period of an enlightened representative democracy," when the old battle flags of constitutionality, under which Sun Yat-sen so long fought, may be again unfurled.

The first was the "period of militarism," from which the Province of Kwangtung, it is claimed, has now emerged. This claim has been made good by the subordination of the military to the civic power,

and by constant emphasis upon the name, a "People's Government." It is evident that no more momentous change for the better could be made in China than this, if it is consistently carried through. Cynics point out that such claim must be accepted with reserve and that the power behind the multiple throne of Canton is still a military man. While it must be admitted that the hand of General Chang Kai Shih is now and then seen in more or less arbitrary interference, the principle is in the main lived up to, and his interference appears to have been wise and constructive.

There is no use in cherishing illusions as to the almost universal Chinese conceptions about independent military power, but the wonder is that the change has been made



Map of Eastern China showing the position of Canton in the South, Shanghai and Peking

at all, even in name, and further, in so large measure in fact.

Taxes in much of the Province are no longer collected by the army, but by civil authorities. Expenses are budgeted, controlled and receipted for. The army is paid by civil authorities. It is no refutation to point out that the change is not complete. That the allotment to the army is too large, that its budgeting and auditing are probably not always absolutely airtight, that graft may still be found in the enormously complex system of imposts, farming of revenues and collection, is by no means to disprove that this "period of tutelage" has brought Canton much nearer than ever before to a sane, just and constructive civil government. The question of constitutionality is for the present ignored, or at least deferred.

THE GOVERNING BODY

The Kwonmin tang National Assembly meets yearly and, as representing its party members everywhere, not only in China but overseas, elects a Central Executive Committee, to which it assigns unlimited power to choose policies and to legislate. This Central Executive Committee is the Government of Kwangtung, and it aims to make itself the Government of other parts of China as it already has of Kwangsi, the neighboring Province to the west. The Central Executive Committee promulgates laws, recognizes the established Chinese courts and appoints from its party members various commissioners and other executives—for foreign affairs, for finance, for the army, for reconstruction, for labor, for education—civil and military chiefs, who in cooperation with a "political council" of five appoint district officials and are charged with execution of laws. The committee is evidently somewhat similar to the Government established under Sun Yat-Sen's personal control for some few years in Canton. Several features, as well as terminology, are of Soviet origin. It is not bureaucratic in spirit, although it is bureaucratic and dispersed in form. It does not head up as does bureaucracy to a rigid traditional system, but is elastic, vital, creative, with both the strength and the weakness of opportunism.

Continuity and responsibility, if abuses

do not become dominant, is the greatest governmental desideratum in China today, in Canton as in Peking; the very element which has been most conspicuous by its absence, not only in Peking, but in the Provinces. Can it be expected that Canton is about to fare better? Can the marked progress of the past year or two be continued? The greatest menaces to permanence are the wide divergence of views among the leaders in the Government and the ever-present threat of military invasion from other Provinces. The greatest limitations to wider efficiency of the present Canton Government are the ancient tradition of banditry, entrenched in arrogance, and the new arrogance of organized labor. Its greatest hope both for permanence and for defense lies in the army, upon the morale and strength of which depends the future stability of Canton and the Province.

Among the items of progress, the profound change which has been wrought in this same army, or at least in its nucleus and strongest units, has been of first importance. When Sun Yat-Sen turned to Russia and Mr. Borodin, who is still adviser to the Government, came, there came also Russian military teachers and the Whampoa Military Academy was established for the technical training of young officers. At the same time was begun an effective system of instructing the rank and file in political as well as military duties and responsibilities. The results have been in most respects wonderfully satisfactory in those army corps where it is established. A comment upon the query as to how "red" are these revolutionary and patriotic inculcations is the fact that as the soldier's information and interest developed and they formed societies both for the spread and the refutation of communistic doctrine, these societies were gently but firmly forbidden and suppressed. The gospel of the Kwonmin tang must be learned, but controversial doctrines must be let alone. The Russian advisers to the army, once the system was established, were dismissed and sent away in the earlier part of 1926, much to their surprise, although of course there are still many Russians in Canton.

Recently I was present at a graduation ceremony of an officers' training school

just outside Canton and talked with the Principal and staff, who were exclusively Chinese. There were no Russians there, and only a few other foreigners among the many guests. Our invitations had come from General Lei Fook Lam, military chief of the district in which we live. The men with whom we talked had a fine grasp, in theory at least, of the complexity and discouraging conditions of the troubled epoch. Banditry, which is rife even near Canton, ill-adjusted taxation, army disorder, dilatoriness and graft were discussed candidly and seriously, as baffling problems about which no impracticable or visionary ideas should be entertained. Among the distinguished guests was Wang Ching Wei, at that time the Chairman of the Central Executive Committee and the most prominent member of the Government, a man of radical tendencies, but of rare charm and persuasive eloquence and not one of the foreign educated group. The ceremonies were begun by an obeisance before the picture of Sun Yat-Sen and the recitation of his well-known political will and testament.

Mr. Wang had previously told us, in a long public address at the college, of the exact relation of the Russians to the Government and had explicitly stated the reasons for calling them in as advisers: "We have had in the past American and English advisers. If others can help us, why not now the Russians who came as individuals and not as official representatives of the Russian Government?" He disclaimed, as had Sun Yat-Sen, the adoption of the Soviet system, as being unsuited to and impossible in China. It is characteristic of the contradictory and puzzling situation that Wang Ching Wei has since that time been eliminated from the Government. Rumor has it that it was because he would not consent to the removal of the army advisers.



WANG CHING WEI
Former Chairman of the Central Executive Committee, the Canton Government

It is estimated that there are 60,000 bandits in Kwangtung. A recent newspaper item, not a joke, told of a garden party at which nineteen bandit chiefs met and pledged themselves to a fixed tariff of ransoms and exactions on trade. Banditry then is a sort of wildcat government within the Government, feared and widely dominant. Vigorous progress is being made in its suppression. Heads off here and there are a deterrent, but because of collusion on the part of some more loosely organized military units its extinction will be a long story. Although order within the City of Canton is admirably maintained in most particulars, even in these days of political excitement—even on June 23, 1926, the anniversary of the Shameen shooting—the elimination of robbers elsewhere faces the Government as a stupendous task.

The strikers' committees and pickets, shutting off British trade and levying what is practically an extra customs charge on much that comes into Canton, arresting or penalizing merchants or employees who transgress their arbitrary rulings and terrorizing where persuasion fails, are again almost a government within the Government difficult to restrain. They are nominally under control of the Commissioner of Labor, and in much of their activity have positive support of the authorities. Other more arbitrary things are connived at. But beyond these there is constant friction between them and the police, chiefly on the question of carrying arms, which is forbidden, but by no means stopped, and on the extent of their right of search and seizure. They are by no means unrestricted, must wear distinguishing uniforms and badges and act within prescribed limits, but restrictions are often transgressed. The wonder to the Westerner is that in the general confusion and con-

flict attendant upon this, there are so very few cases of homicide. Just what is the proportion of friendship and comity between the administration and the strikers' organization is hard to determine. In June, 1926, however, the Government, by official proclamation, announced that it would adopt every feasible method to make an end of the strike and the embargo upon Hongkong. Though most timid of utterance, the general public was tired of the strike. The "People's Government," after consolidating itself in prestige by exploiting the strike for all it was worth, probably saw that it had become more than it was worth to carry it further.

Meantime, there is by no means so much topsy-turvydom and confusion as these things might seem to indicate. A lot of earnest, intelligent men are trying under peculiarly difficult conditions to create and to build. Education is being pushed and industrial opportunity is being studied.

Miles of streets have been improved this year, new parks have been beautified and opened to the public. City building worthy of the name has gone far, and beyond it plans for a civic centre, for better sanitation, prisons, hospitals and communications are well under way. Henry Killam Murphy of New York is in Canton as consulting architect, working with the Mayor and the Commissioner of Reconstruction. Programs of highways, bridges and railways to outlying districts are under expert investigation and look well into the future.

Hongkong has been called the parasite of Canton. In respect of its commerce with China this is true, as witness its millions of loss in trade and in real estate values this year. While Canton has gained in tonnage of imports, in enterprise, in prestige and in a dissipated sense of self-sufficiency, with smaller steamers from all over the world in its harbor, it, too, has

suffered enormous financial loss because of lack of those conveniences of trade which Hongkong can furnish. Until Canton can have a deep-water harbor of its own, with all the mechanisms of lading, storage and credit which Hongkong has developed, it, too, in a lesser sense, is a parasite. In less objectionable phrase Hongkong and Canton are interdependent. Neither, as at present constituted, can flourish

long without the other.

It is now freely admitted by the Hongkong press that the great mistake was made when the British, to whom Sun Yat-sen had always been anathema, refused in 1922 to cooperate with him in a vast plan of mutual development, involving waterways, railroads and, with full recognition of Chinese rights, an orderly and sane—not a parasitic—development of the trade of South China. It was only after this refusal that Sun Yat-sen turned to Russia. "You Americans say you are the friends of China," he said in 1923. "Then why do you not have a Chinese policy?

But the United States has no Chinese policy. You allow yourselves to be led by the nose by the British." This seems a harsh and an unfair criticism, perhaps, but it is the plausibility of such criticism rather than the criticism itself about which Americans might well be sensitive. China needs readjustment with the West, and the West in even greater measure needs readjustment with her, and this last is what the treaty port foreigner either cannot or will not see. Hongkong, by its own admission, is seeing a little of its truth.

In spite of all the débris of disruption which continually falls about our heads, in spite of fatuous and cruel reasoning, constructive forces are already working, and China's period of emergence into coordinated progress may come sooner than now seems possible.



GENERAL CHANG KAI SHIH
Military Commander of Canton

Hungary's Escape From Financial Disaster

By T. J. C. MARTYN

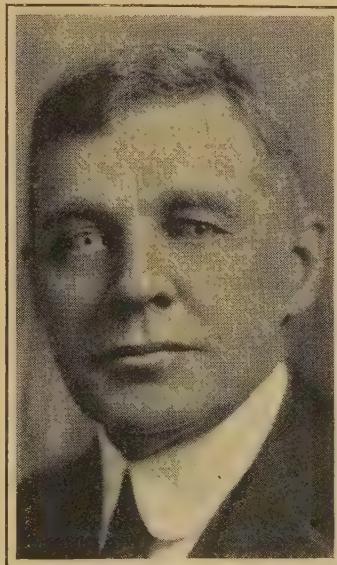
Member of the Oxford Mission to Hungary in 1922; former Foreign Editor of *Time*; writer on Hungarian affairs

ALTHOUGH the initial steps in the reconstruction of Hungary appeared forbiddingly difficult, once work had begun and results promised further improvement, a wave of popular enthusiasm for revitalizing its economic existence swept through the country, and this may be said to account for the complete success of the whole reconstruction scheme.

On May 1, 1924, Jeremiah Smith Jr. took up his duties at Budapest as the League of Nations Commissioner General. On June 30, 1926, his work done, he was relieved of his office and left Hungary to resume his law practice in Boston. In that interval, owing alike to the efficiency of the Commissioner General, the cooperation afforded by all members of the Hungarian Government, and the remarkable fortitude of the Hungarian people, Hungary's finances were put in order, and, although the control is still represented by M. Ter Muelen, appointed to supervise the financial interests of the bondholders who subscribed the Hungarian loan, it ceased to all intents and purposes when Mr. Smith vacated the office of Commissioner General.

The economic reconstruction of Hungary, although it can by no means be accepted as completed, is an event of historic importance, not only to Hungary, not only on the list of League achieve-

ments, but also in the sad annals of post-war Europe. The kingless kingdom on the Danube had followed, perhaps inevitably, the descent of Germany and Austria, to which it was tied economically by age-old bonds, into the depths of a financial whirlpool. It is the same old story, familiar to all of us, of expenses exceeding receipts, resulting in the printing of more and more paper banknotes of ever-decreasing value to cover, perhaps for a few hours, only ever-increasing demands. The effects of this fantastic situation were to suffocate thrift, to destroy credit abroad, to disrupt the State socially, politically and, of course, financially and economically, and to induce a garish atmosphere of illusive prosperity. To make matters worse the haunting dread of complete ruin, increasingly present, was accentuated by foreign distortions of the situation and by the complete inability of the Hungarian Government to



Wide World Photo

JEREMIAH SMITH JR

interest foreign markets or to overcome the active hostility of the Little Entente countries. And it may be noted in parenthesis that one Minister of Finance, the brilliant Dr. Hegedüs, was driven out of his mind in attempting to find a way out of these impossible conditions.

The present situation, though far from ideal, is comparatively satisfactory. It takes more than \$50,000,000 to restore the finances of a nation virtually bankrupt, as

was Hungary, and to rejuvenate it economically. Since taxes now are real, the budget balanced, the currency stabilized and the balance of trade once more on the right side of the ledger, the State will probably, with care, be able to carry out a modest program of public construction, aided by the balance of the League loan. But, although the national finances are in order, there remains an urgent need in the outlying municipalities for capital to develop agriculture and irrigation and to purchase modern machinery. Perhaps one of the brightest results of the reconstruction scheme is that the relative stability of the country has increased its investment value in foreign markets. It will undoubtedly be easier for Hungarians to borrow than it has been since the beginning of the war.

The most interesting effect of Mr. Jeremiah Smith's success in Budapest, however, has been the return of self-confidence to the Hungarian people. To them the reconstruction process has been a trying ordeal, particularly to the middle classes, for whom nothing very much has been done. Being dependent on income from investments which are virtually paying nothing, they form that unfortunate class which, in Gilbert's apt phrase, has been brought up to do nothing and does it very well, or else they are too old to eke out a precarious living by active work. According to Mr. Smith's last report on Hungarian finances, however, the general level of prosperity is considerably higher. Since June, 1924, savings deposits in the chief Budapest banks have increased from \$600,000 to more than \$28,000,000, while current deposits show an increase from \$15,000,000 to \$70,000,000 for the same period. The figures are not staggering, it is true; the important thing is that they are increasing steadily and not decreasing, as they were before 1924. This shows that the people are once more finding it worth while to save, being sure that the pengö (the new Hungarian unit, equal to about 16 cents) will be worth tomorrow what it is today, and will not have tumbled a few thousands overnight. To cap this, prices, although still very high, haven fallen considerably and unemployment is down by 8,000 over the high peaks of 1924 and

1925. Unemployment figures, however, relate only to the trade-union workers. They do not refer to the so-called bourgeois section of the nation which is still suffering sad business losses consequent upon deflation, and whose conditions are exemplified by the cold statistics of suicides, bankruptcies and failures.

The reconstruction plan adopted by the League of Nations called for an international loan, subsequently subscribed by the following countries in approximately these amounts:

U. S. A.	\$6,000,000
Great Britain	31,500,000
Italy	5,000,000
Switzerland	1,240,000
Sweden	975,000
Holland	1,660,000
Czechoslovakia	2,000,000
Hungary	2,021,000
	<hr/>
	\$50,396,000

This sum was raised primarily for balancing the budget. In the first few months of the reconstruction scheme about \$12,000,000 were used for meeting deficits, the budget being balanced at the end of each month. Thereafter the loan was not touched for this purpose. So rapid was the progress made that in December, 1924, eight months after the scheme had been put into operation, the first monthly budget was balanced and on June 30, 1925, the end of the first reconstruction year, the annual budget showed a surplus of about \$12,600,000, despite the fact that \$5,000,000 had been advanced to municipalities and \$1,600,000 to various State undertakings, both at $7\frac{1}{2}$ per cent., for which no provision had been made in the reconstruction budgets. At the end of last June the surplus for the two budgets, 1924-25 and 1925-26, had reached \$30,000,000, after deducting further extraordinary expenditures. This amount, it is to be noted, is exactly three-fifths of the reconstruction loan.

The reconstruction loan, it should be pointed out, was secured by certain pledged revenues, all of which, since the budget showed a surplus instead of a deficit at the end of June, 1925, realized more than was anticipated. In view of this fact, the Council of the League of Nations at its June meeting in Geneva, agreed to release the

budget surplus plus \$6,000,000 from the reconstruction loan, a total of approximately \$18,600,000 for extensive capital investments, designed to increase the productive capacity of the nation. Since these investments helped to reduce unemployment and had a vital effect on the reconstruction plan as a whole, it seems worth while, as an indication of their extent, to show how these appropriations were expended:

Extension of the Port of Budapest....	\$800,000
Small Dwellings Program.....	1,200,000
Completion of St. John's Hospital, Budapest	80,000
Loan to Drainage Societies.....	2,800,000
Promotion of Agriculture.....	460,000
State Railways	4,000,000
Posts, Telegraphs & Telephones.....	1,000,000
State Iron Works.....	455,000
State Forests	160,000
Loans to State Agricultural Estates...	20,000
Construction of Underground Tele- phone Cable to Vienna.....	1,320,000
Capital for Land Mortgage Bank.....	1,000,000
Construction of Roads.....	600,000
General Reserve	4,705,000
 Total	\$18,600,000

"In view of the continued prospect that the proceeds of the reconstruction loan will not be needed for budgetary deficits," said the twentieth report of Jeremiah Smith, "the League Council on Dec. 3, 1925, voted a further \$4,000,000 for capital expenditures, all of which was used to supplement the above program, with the exception of a loan of \$1,200,000 to small land owners at 7½ per cent. interest. The League, moreover, agreed to the expenditure of \$10,000,000 for the year 1926-27, this sum being spent, however, during the last financial year out of the budget surplus. In fine, therefore, about \$28,000,000 of the reconstruction loan remains, most of which will be utilized for capital investments during the present and the next fiscal year."

POLITICAL TROUBLES

So much for the success of reconstructing Hungary financially and economically. Politically its effect has been negligible. To begin with, the Premier, Count Stephan Bethlen, incurred the bitter enmity of a large and noisy minority of the people by

placing the country under the tutelage of Geneva. Indeed, at one time the whole reconstruction scheme was imperiled when the Premier was challenged to a duel; for, although this wiry little man is an expert swordsman and a crack shot, there could be no doubt that, had he been killed, political pandemonium would have reigned and the prosperity of the country been immeasurably damaged. The dispute fortunately was ended by a Court of Honor, which found a way out for both parties without the necessity of a recourse to arms.

The Legitimists, however, headed by Count Andrassy, considered the whole plan derogatory to the country's sovereignty, and called the clause providing that Hungary must abide by the provisions of the treaty of Trianon an unnecessary humiliation. The early operation of the scheme itself also brought the Government into disrepute and with it Jeremiah Smith. As the middle classes commenced to feel the pinch, they began to squirm and their protests filled the press. Wages lagged behind prices, the Opposition stormed. State employees were dismissed to swell the tide of unemployment and of the Opposition's discontent. But as time went on and the plan became more and more a marked success, as wages rose to new heights in real values, as the dismissed State employees found new positions, and as many middle-class people began to find their positions not so hopeless as they had expected, the morale of the nation recovered. It is only fair to point out, however, that the great majority of the country accepted the reconstruction as the better choice of two evils, and made the sacrifices which the scheme entailed without any special coercive measures on the part of the Government.

The net result is that the Government has gained an increasingly firm foothold in the country and now occupies a well-nigh unassailable position, public sympathy, admiration and gratitude toward it strengthening in ratio to the success of the reconstruction work. As for Mr. Smith, his modest, efficient, non-partisan attitude, coupled with his refusal of apartments in the Royal Palace and of \$60,000, his salary less expenses for two years as Commissioner General, which he donated to the

poor of Hungary, won him a high place on the list of Hungarian heroes and secured a place in Hungarian hearts for the American people.

Turning to foreign relations, we find that the results of the reconstruction success have been pronounced. The situation before 1924 is difficult to understand. The Little Entente, formed to prevent the return of the Habsburgs to Hungary, maintained an attitude of passive hostility. It is true that certain irresponsible and ultra-reactionary elements succeeding in magnifying this hostile attitude in the Little Entente press. Hungary was frequently attacked for contravening the military clauses of the treaty of Trianon. By virtue of the treaty, Hungary is allowed to maintain an army of 35,000. There may have been some minor infractions of this clause by secret organizations, over which the Government had no control, although it has recently made a drive to abolish them; but it may be said with definite finality that the State has countenanced no augmentation of its armed forces. In proof of this it is only necessary to point out that the Military Control Commission, established by the Allied Powers, is represented by a small destroyer on the Danube, whose officers have no other duty than to see that the military clauses of the Peace Treaty are scrupulously obeyed. Moreover, under the League of Nations financial control, it would not have been possible, even had the Hungarian Government wished otherwise, for the State to expend a cent more for national defense than the amount sanctioned by the League of Nations, as represented by its Commissioner General. The absurdity of the Little Entente charges, while only semi-official, are manifest, but they are typical of numerous other charges made against the Hungarians. They served their purpose, for they created an unfavorable attitude toward Hungary.

THE COUNTERFEIT SCANDAL

The extent of the Little Entente's attitude may be gauged by the counterfeiting plot which the ill-starred Prince Windisch-Graetz led. The strength and asperity of the feelings voiced by Czechoslovakia, Rumania and Yugoslavia on the franc

forgery scandal were such that the work of Hungarian reconstruction was put to its severest test. There was talk among the neighboring States of armed intervention and of forcing a corridor through Hungary from Slovakia to Serbia, a Pan-Slav spectre ever present, to the Magyars. These threats were hardly conducive to the reign of peace in Central Europe. The manner in which the Government proceeded to deal with the "whole wretched affair," as Count Bethlen called it, despite the transparent efforts of the "Gentlemen Counterfeitors" to discredit it, gave complete satisfaction to the French, the nation most affected, and, after a while, the rumblings and boominings of the neighboring press ceased.

To show the new and favorable attitude of the Little Entente countries toward Hungary through the success of the League of Nations financial control it is worth while recalling how the recent decision to terminate the financial control was taken at Geneva. The Council, empowered to act by a majority decision, actually voted unanimously, France and Czechoslovakia being represented, on the unanimous recommendations of the political committee of the Council and on the unanimous technical advice of the Financial Committee, which included also Rumanian and Yugoslav members, to withdraw the Commissioner General, leaving only an agent with a watching brief for the foreign bondholders. Two years ago such action would have been impossible.

Some regret and some envy have been expressed, however, by countries in Central Europe whose financial equilibrium is still insecure and whose money is still far from parity. The situation is similar to that which faced France and Germany, the victorious nation's money being worth far less than that of the vanquished. So far as the nations in Southeastern Europe are concerned there seems to be a realization that Hungary's and Austria's growing prosperity is intimately bound up with their own, and this is evidenced by another change of attitude on the part of the neighboring countries who are now willing—in Yugoslavia's case, anxious, according to Foreign Minister Nintchitch—to conclude trade agreements. Such agreements

have already been signed with Poland, Greece, Spain, Italy and Turkey; and others are, at the time of writing, in the course of negotiation with France, Austria, Czechoslovakia and Yugoslavia. Attempts were made by the Premier to conclude a treaty with the Soviet Government, but opposition to Russia is pronounced and widespread. Count Bethlen's inability to get Parliament to ratify this commercial compact is his sole major defeat over a period of more than five years. The Hungarians, of course, apart from what they suffered under the régime of Béla Kun, can never forget that through Russia they failed to win independence from Austria in the last century.

COMMERCIAL BENEFITS

How far improved economic conditions have led to a revival of commerce can be seen from the following figures for the first quarter of the current year as compared with that of 1925:

Imports.	Exports.
1925.....\$35,980,000	1925.....\$25,460,000
1926.....\$37,300,000	1926.....\$30,560,000
Increase.... \$1,320,000	Increase.... \$5,100,000

The total deficit for the two periods of three months was \$17,260,000, or something like one-third of the pre-reconstruction deficit for the same period.

The following table shows the trend in the excess imports over exports for the years 1920-25:

1920	\$50,600,000
1921	\$51,336,000
1922	\$41,860,000
1923 (Imports drastically restricted) ..	\$16,980,000
1924 (Reconstruction begins May 1) ..	\$25,560,000
1925 (First full reconstruction year) ..	\$8,160,000

Compared with the first table it will be seen that the prospects for this year indicate that the yearly balance of trade will be in Hungary's favor for the first time since the war.

There is not one country, it is safe to say, that has shown, in the language of unemotional figures, such startling signs of progress. It is wholly natural that among the

small powers there should be some indications of regret at what now seems to be the low figure of the reparation payments to be made by Hungary, which, starting in this financial year at \$1,000,000, rise progressively to \$2,800,000 for the years 1942-1943. It is, however, among the big powers of the world that Hungary can be counted to have made her greatest impression; for the success of the reconstruction work has led, particularly in Europe, to a measure of confidence in her that she has never before enjoyed, not even before the war, and has given her a certain political weight in the Councils of the States, a fact which the Magyar population has not been slow to notice, and which is mirrored in public life by a feeling of security and a firmer belief in the destiny of its truncated little kingdom.

Such, one might say, is what Jeremiah Smith has done for Hungary. Without human values finance becomes perfectly meaningless, and the great popularity of Mr. Smith in Hungary was due to his knack of approaching human problems in a sympathetic and businesslike way. The results which he attained constitute the greatest single contribution the United States has made to European reconstruction. "Be Smithy," is the reproof often administered to an unbusinesslike Hungarian, but most Hungarians find it worth while today to be both busy and businesslike—an example set them by the hard-working Commissioner General. With the budget balanced, the currency stabilized, industry and agriculture fast recovering, the adverse trade balance climbing to the right side of the ledger, the speculations and profits of foreign money-lenders at an end, and with bounds put to the punitive tariffs of Hungary's neighbors, Jeremiah Smith has not only revitalized Hungary's economic machinery but the Hungarians themselves. The nightmare of inflation is past; but many of the rigors of deflation have still to be mastered. That they will be vanquished no one need fear, for the lesson of over a thousand years of history proves that the spirit of the Magyars is unconquerable.

Eugenics Teaching Imperils Civilization

By J. B. EGGEN

Contributor to *Social Forces*, *The Psychological Review*, *The Journal of Abnormal and Social Psychology* and other magazines

UNDER the guise of a scientific theory a dangerous doctrine is becoming popularly accepted throughout the United States. Eugenics is a cult, as Clarence Darrow has remarked, like Hindu mysticism and osteopathy. It is regrettable that this eugenic viewpoint, with its flimsy evidence, is so widely believed in. The public is victimized by many pseudoscientific cults, each one violently advocated by a small sect. In the case of eugenics the sect is well endowed and influential, and many people make the mistake of believing in it.

Eugenics claims to have a scientific foundation, but, then, so does chiropractic. Both of these claims, as far as our scientific knowledge goes, are fraudulent. The eugenics cult, moreover, is a positive menace to society. It claims that certain types of people should not be allowed to have children, and in many States laws have been enacted providing for the legal sterilization of inmates of prisons, reformatories and institutions for mental defectives—on the grounds of an obsolete scientific hypothesis. Eugenics is an exploded theory; yet in one State alone—California—4,636 persons have been rendered incapable of bearing children by sterilization because of it. (*Eugenical Sterilization*, 1926, by H. H. Laughlin of the Eugenics Record Office, Long Island, N. Y.)

Many people are beginning to protest against this drastic campaign for the mutilation of thousands of men and women, and it is time for the public at large to call upon California to stop this barbarous practice. Other States as well—some twenty-three of them—because of ignorance or misinformation have enacted eugenic statutes of a highly dangerous character.

Eugenic theory represents an attack on democracy. It claims that all men are not created equal, and that democratic government is founded on a lie. It proposes the

abolition of our present social system and the establishing of a caste system of government. Some eugenists advocate incestuous marriages. (See the work of Alleyne Ireland.) All of them approve of strict control of marriage by the State. For immediate practical measures eugenists demand widespread sterilization of people they believe to be defective.

Though every man differs from his neighbor, science explains that every man was created equal in the beginning, that is, in childhood. Adult differences are the result of different training since birth, and cannot conceivably be innate or inborn. On the other hand, eugenics contends that these individual differences are inborn, and that there is no such thing as equality, even at birth. They discovered in the case of a family conveniently called the Kallikak family that there were two lines or branches, one normal and one degenerate, and that the degenerate line produced 262 feeble-minded individuals, 3 epileptics and 35 children who died in infancy. These defects are supposed by eugenists to be hereditary rather than the result of environmental conditions. At the same time the normal branch of the same family produced no feeble-minded persons, no epileptics and no criminals, and eugenists assume that this superiority is likewise hereditary. This assumption is without sufficient scientific foundation.

The belief in the inheritance of superior or inferior traits has led to some ridiculous conclusions. F. H. Hankins (*Political Science Quarterly*, September, 1923) claims that the matter of natural inborn differences between men has exploded all democratic theories forever. Since some individuals are innately of superior mental, physical and moral ability (for example, the normal line of the Kallikak family), society should therefore give them more liberty and prerogatives than are accorded

to men of inferior ability. There should be, it is argued, social classes instead of social equality and aristocracy instead of democracy.

IDEAL EUGENIC SOCIETY

In the ideal eugenic society families of superior ability would be isolated and endowed; families of inferior ability segregated and sterilized. There would be a caste system of government, says McDougall, in his book, *Ethics and Some Modern World Problems*. Intermarriage between classes would be strictly taboo, just as it was among the rigid castes of the Hindus. A man of the upper class would have to marry within that class, or else his children would have the social stigma always accompanying half-caste offspring. He might even have to marry within his own family—his sister, say. Consanguineous, or, in other words, incestuous, marriages are frankly advocated.

High-caste individuals would be superior financially as well as mentally and morally. Inherited wealth would run parallel with inherited ability. A few families would furnish all the legislators and control the Government, thus creating a strict oligarchy. The fate of low-caste individuals would not be so happy. The majority of people would be poverty-stricken—presumably the result of their innate inferiority. McDougall, indeed, asserts that the men who have made money are the salt of the earth and that poverty is the result of natural depravity, in short, that there is a positive correlation between commercial success and innate ability—which is rather a prostitution of science. Further, the income of the low-caste individuals would be expropriated to maintain the upper class in luxury and idleness, and politically they would be disfranchised, having nothing to say in the direction of their own affairs. This position of inferiority would be hereditary, hence deserving the name of serfdom. Within the ranks of the serfs “drastic” sterilization measures would be enforced for supposed eugenic purposes, and if they ever had the temerity to revolt against their lords and masters the same thing could be used as a punitive measure.

This is the ideal eugenic society and a brief statement of the principles upon which it is founded. The immediate eugenic program consists in spreading propaganda for sterilization, its purpose being to educate the public into submission, and then make these laws more and more stringent, until the State entirely controls parcentage.

The truth or untruth of eugenics is no mere academic controversy. Senile professors may debate lengthily upon the comparative advantages of democratic theory and become decorously alarmed at the eugenic attack upon it. Most other men are interested in problems of more vital nature. That eugenics is a movement toward aristocracy is significant in a limited way, but of far more pressing moment is its practical application in the form of statutory laws. The sterilization of both men and women has been made legal and is now valid in California, Connecticut, Delaware, Idaho, Iowa, Kansas, Maine, Michigan, Minnesota, Montana, Nebraska, New Hampshire, North Dakota, Oregon, South Dakota, Utah, Virginia, Washington and Wisconsin. In other States eugenic statutes have been repealed, vetoed or declared unconstitutional. California leads with 4,636 legal sterilizations; Kansas has performed 335, Oregon 313, Nebraska 262, Wisconsin 144. In all, throughout the whole United States, operations have been performed on 3,307 men and 2,937 women, making a total of 6,244 persons deprived of the ability to bear children.

In most cases this sterilization is compulsory. It is applied to all inmates of State institutions for nothing more serious at times than “drunkenness.” Under one law sterilization can be performed on a minor, with the written consent of parent or guardian, by any superintendent of any hospital. In some States it is also used on criminals as a punitive measure upon condition only that the person be twice convicted of a felony. Some of the States make merely “insanity” sufficient grounds for the operation without specifying curable or incurable. In some cases even “inmates of charitable institutions” are subject to sterilization despite the fact that such inmates need not necessarily be dis-

eased, mentally unsound or criminally inclined. (A digest of these laws is to be found in Laughlin's *Eugenical Sterilization*, 1926.)

LEGISLATORS INTIMIDATED

The casual observer would remark that there must be something to eugenics or else twenty-three States would not have passed sterilization laws on eugenic grounds. This merely indicates how legislators may be intimidated by pseudo-science which they are not sufficiently well-equipped to question. The evidence favorable to eugenics is not sufficient to establish the theory, although it is frequently spectacular enough to convince superficial thinkers. To effect such a radical reorganization of society as eugenists propose requires a vast and profound knowledge of social life, an extensive knowledge certainly not to be found anywhere within their ranks.

Concerning the inheritance of "mentality," no science knows more about that subject than psychology. What psychology has to say about the "mind" is thoroughly antagonistic to eugenic principles. To begin with, there is no such thing as the "mind" in the old sense of the word, and it cannot be considered as a separate thing apart from the body. The mind is not a thing with which we react; it is a form of reaction. We do not think with our brain; there is nothing inside of the brain but a lot of neurones. We think with our muscles. (See *The Autonomic Functions and Personality*, by E. J. Kempf.) The only psychological theory which can be made to fit in with eugenics is the old "faculty" psychology, which has been dead and buried for many years beyond hope of any resurrection. Hence Dr. J. B. Watson, one of the most brilliant of American psychologists, says that we need not pay any attention to any of the conclusions of eugenics for the simple reason that they approach the problem in a faulty and obsolete manner. "There is," as he says, "no such thing as an inheritance of capacity, talent, mental constitution and characteristics."

The child at birth does not inherit any forms of reaction. The infant mind is a blank tablet upon which all knowledge is

written from experience. No wonder L. L. Bernard in his work on *Instinct* calls eugenics naïve and sometimes pathetic.

The long-standing problem of heredity versus environment has been solved by sociology as well as psychology in favor of the environment. Historical materialism has shown that the culture of races and peoples is the direct result of the environment in which they live, and that there is no such thing as "race genius," "racial characters" or "race temperament" inborn in men. For example, the old attempt to trace Greek history in terms of the "Hellenic spirit" has been abandoned; there was no such thing as a Hellenic spirit. Contrary to eugenics, all history is now considered as determined by the rise and flow of social forces, and not by the innate characters of races.

Eugenists say that various "traits" are inherited. Their authority for this statement is a few meagre and unsequacious experiments from which they draw enormously broad conclusions. They have observed the eye-color in a few diseased rats and exclaimed, "Lo! crime is inherited!" They have bred gnats in milk bottles and cried out, "See! genius is a hereditary character!"

When a eugenist says that crime is inherited he does not know what crime is. When he says genius is hereditary he is ignorant of the nature of genius. When he says insanity is hereditary he does not know what he is talking about. For neither crime, according to criminology, nor genius, according to psychology, nor insanity, according to psychopathology, can possibly be inherited. They are all the product of environmental conditions. The prevalence of crimes against property has been statistically correlated with changes in the price of wheat. (See *Criminality and Economic Conditions*, by W. A. Bonger.) No one who is familiar with criminology, as in the works of Ferri and Bonger, can any longer contend that crime is inherited. Genius is no hereditary trait; genius is a neurosis, says Havelock Ellis, and psychopathologists agree with him. For eugenists to say that insanity is inheritable merely shows their ignorance of the subject. Not in any way under any possible conditions is "insanity" inherited.

(See *Psychopathology*, by E. J. Kempf.) Crime, genius, insanity, are all the direct results of environmental conditions.

MYTHICAL "TRAITS."

Even the tendency to talk about "traits" is evidence of loose and superficial thinking. For example, there is no such thing as "insanity." We have used the term above merely because eugenists use it; no self-respecting psychopathologist would employ it. The term designates a wide variety of functional disorders, and not by the widest stretching of the imagination can they all be grouped together and considered as an entity. From the same point of view, what is genius and what is crime? What are the other supposed entities the eugenist speaks of as mathematical ability, musical ability, immorality, alcoholism, and so forth? These are not single definite things, which can be inherited as a unit. They are very complex and variable factors, not one of which can ever be thought of as a unit or entity.

This same tendency to talk about entities which are no entities is shown in the eugenists' use of the terms "family" and "race." In even a few generations intermarriage will mix "families" up so much that every one merges into every other one. For this reason to pick out any "family line" or "family strain" is an arbitrary and absurd procedure. "Family lines" or "pedigrees" are vestiges of feudalism. Similarly, there is no such thing as a definite "race." No one has even been able to define what the word means, or tell how one supposed "race" can be distinguished from another. The term is only an abstraction the use of which is often misleading. Hence the attempt of some biologists to prove that some "races" are innately inferior to others has been abandoned; all "races" are equal.

Nowhere is the eugenist more absurd than in his political reforms. In opposing democracy the whole movement is knocking its head against a stone wall. Political science has demonstrated that democracy is the apex of ten thousand years of political evolution. For us to return to an aristocracy or oligarchy would be a regressive and subversive move. No significant aristocracy will ever again exist; the

idea is passing out of history. Feudalism was the ideal eugenic society. It had nearly every characteristic eugenists now advocate we adopt. Yet feudalism is utterly defunct. So will eugenics be.

Elsewhere I have indicated why this fad has gained such prominence today.* The enormous contemporary fortunes, held by a single family, are passed on from generation to generation. This makes a vast amount of social inequality. People inherit wealth or inherit poverty, irrespective of their own personal ability. Political equality is futile in the face of commercial privilege. The inheritance of money, power and social position is a feudal situation; to justify this the feudal philosophy of eugenics has grown up. Eugenics does not explain observable facts; its function is only the servile one of justifying the status quo.

In conclusion, the claim of eugenics to be a scientific theory is quite unfounded. Eugenists have blundered into many fields, and in each field the evidence is against them. Psychology, psychoanalysis, sociology, history, criminology, race anthropology and psychopathology all testify against eugenics. Even biology itself is beginning to repudiate it, for we have men like Dr. Jennings rebuking eugenics for its extravagances, and men like Dr. Childs maintaining that all men are flatly identical and equal at the beginning. Thus is substantiated that principle of the Declaration of Independence that "all men are created equal."

Considering this, the statutes passed by twenty-three States providing for sterilization "on eugenic grounds" had better be justified on more adequate grounds or else immediately repealed. Since criminality cannot be inherited the sterilization of criminals to prevent their having children is in itself a barbarous crime. The dangers of it are many. Suppose sterilization were applied to political prisoners! At all events, any drastic interference with the reproductive powers of the race is a serious thing—not to be lightly entrusted to superficial and fanatical reformers.

*Eggen, J. B. "Rationalization and Eugenics" *The Modern Quarterly*, May-July, 1926. Persons further interested are also referred to the author's "The Fallacy of Eugenics" in *Social Forces*, September, 1926.

Curbing Crime by Scientific Methods

By WINTHROP D. LANE

Prison investigator, editor and co-author of the revised edition of Wine's *Punishment and Reformation* and author of other works on criminology and penology

LESS than three hundred years ago "poetic" punishments were often handed out to people who committed crime. The Judge who could think of the most appropriate penalty for an offense was the most erudite, or just, Judge. A baker convicted of selling loaves of bread that weighed too little was punished by having loaves tied around his shoulders. With these dangling on either side he went forth. A fishmonger who sold bad fish was forced to walk through the streets with a collar of decayed smelts around his neck.

Not all punishments were so mild. Some consisted of mutilations of the body. The thief had his hand, or both hands, cut off so that he could steal no more. The perjurer, or liar, sometimes experienced the sensation of having his tongue split or pierced; occasionally he was compelled to wear the effigy of a tongue around his neck instead. Other bodily mutilations were practiced. In England at one time the thief was branded with a letter "T" on his forehead, not a poetic punishment, but one calculated to mark the wearer and make him an object of shame throughout life.

In New York in the seventeenth century an offender who had stolen cabbages from a neighbor's garden was ordered to stand in the pillory with the cabbages on his head. Particular pleasure seems to have been derived from inventing ways of keeping the village scold quiet. The scold was sometimes a gossip, sometimes a berater of everybody and everything; sometimes she meddled in other people's affairs. The scold was usually spoken of as a woman. One form of penalty was to duck her, or put her through a series of duckings, possibly with the idea of cooling her temper. This was found to be not wholly satisfactory, however, for she could talk between ducks. So a gag was used,

and to many this was superior to ducking. A gag, however, is often not painful. Hence a particular kind of gag was devised called a brank. The brank was a cage for the head. It was provided with a bar that entered the mouth and held down the tongue. Sometimes the bar had sharp spikes in it, and if any attempt was made to speak the spikes cut the tongue.

These punishments flourished through the sixteenth and seventeenth centuries, and the ducking stool was a legal penalty for scolds in New Jersey as late as 1890.

In no respect has human ingenuity been shown so strikingly, however, as in forms of the death penalty. Here the vindictive quality of much punishment comes out. Some of the ways in which criminals have been put to death are boiling, drawing and quartering, crushing beneath wheels or the feet of animals, empaling, piercing with javelins, precipitation from a height, stoning, killing by melted lead, throwing to the serpents, blowing from the mouth of a cannon, hanging and so forth. These are only a few.

Such punishments as those here enumerated show the theories of treating the offender that have been held from time to time. Retaliation, or vengeance, was one theory; the State was supposed to be justified in seeking revenge upon the injurer of others. Another theory was expiation; some expiatory act was required of the wrongdoer. Other theories were deterrence, reformation of the offender, and the protection of society. These conceptions of the purpose of punishment have been historically important, and even the earlier ones have persisted, in some form, down to the present time.

The study of the criminal, as we know it today, is not very old. It has had to wait upon the researches of sociology and biology, upon knowledge concerning heredity, and upon the discoveries of mod-

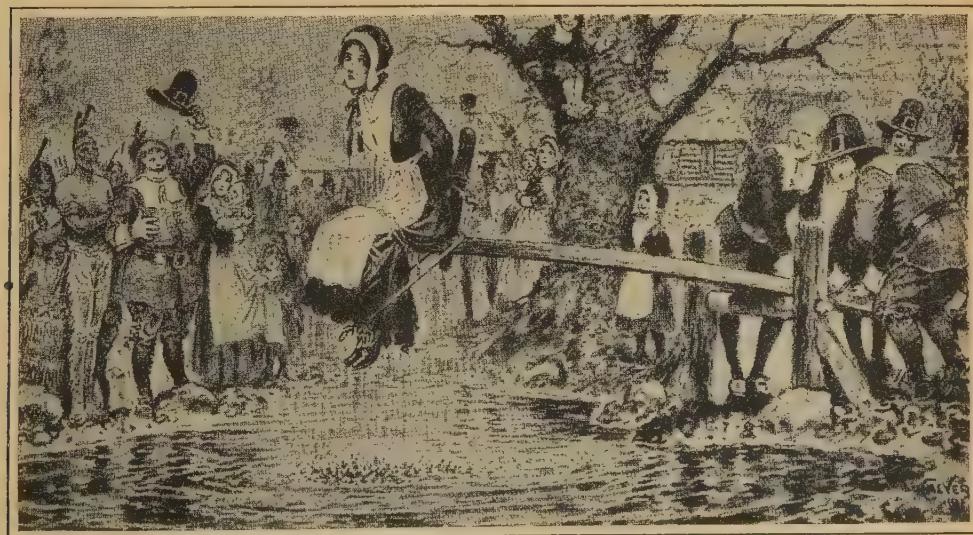
ern psychology. Psychology is a very different thing from what it was even a generation ago. It is able today to explain human conduct, especially abnormal manifestations of human conduct, with an accuracy and helpfulness that far exceed anything of which it was formerly capable. Psychologists still have much to learn, of course, but they now not only know a great deal about the reasons people act as they do, but about the ways in which personality, and through it behavior, may be changed.

A pioneer contributor to present-day criminology is Dr. William Healy. From 1909 to 1914 Dr. Healy was director of the Juvenile Psychopathic Institute of Chicago, formed in the earlier year. Through that time he studied thousands of youthful offenders, examining their past, their present, their heredity and their mental conditions with the careful methods of the modern psychological investigator. The distinguishing feature of Dr. Healy's work was that he "went to the criminal for the facts," as he expressed it. Heretofore people who called themselves criminologists—largely, not entirely—had contented themselves with sitting in arm chairs and drawing deductions about criminals and crime from such facts as they could assemble or as came to their observation.

Lombroso, the great Italian, was an exception, but Lombroso did not have the advantage of later knowledge and working methods. Healy blazed the way for many later inquirers; he laid the foundation for the present study of the individual criminal, and his book, *The Individual Delinquent*, published in 1914, was an epoch-making production in this field of research. Dr. Healy is now director of the Judge Baker Foundation in Boston, and is not only continuing his studies of delinquents, but is meeting with marked success in the treatment of many types of criminal behavior.

Another criminologist of note is Dr. Bernard Glueck. At Sing Sing, in 1916, Dr. Glueck made a study of 608 adult criminals, taking them as they came in the order of admission. This was an outstanding inquiry into the personalities and defects of criminals of the more "hardened" kind, and gave George W. Kirchwey, then warden, valuable assistance in treating these men. Dr. Glueck has made other important contributions to criminology.

These are two of the outstanding criminologists of the present day. There are others. I cannot take space here to mention them, nor to discuss the valuable work of each.



The ducking stool in action

Life Publishing Co.



Charles Scribner's Sons

The humiliating penalty of the Wanton Gospeller, who was compelled to stand up on a stool in public

Commissions for the study of crime in the United States, a number of which have recently been formed, have invited criminologists to take places on their staffs, and to assist them in other ways. This gives rise to the question: Who are the criminologists, and what is it that they think? What is their point of view toward crime? Have they any explanation of the causes of crime? What do they think about present methods of conducting criminal trials, and the purposes of punishment? I shall undertake to give the answers to these questions.

To begin with, the warden of a prison is not necessarily a criminologist. He may be, but it is more likely that he was chosen for the position because he was regarded as a good executive or because he had political influence. Few wardens have any scientific training or inclination. Similarly, a Chief of Police is seldom a criminologist; he may be able to "make it hot" for criminals in his particular city and drive them to other cities, or he may be an efficient administrator of Police Department affairs, but he seldom has any scientific acquaintance with criminology. The Judge who presides over criminal trials is not a criminologist; he knows the criminal law thoroughly, but he does not know anything about the reasons men and women commit crime, and has no special acquain-

tance with ways of changing their conduct. We see that there is small allowance for criminologists in our system of taking care of offenders.

The criminologist is a student of the causes of criminal behavior and of the means of altering, or improving, criminal personality. He is a combination of biologist, sociologist, specialist in heredity, and psychiatrist, or expert on mental conditions. The criminologist believes that crime, like all conduct, is the reaction of a particular personality to a particular environment. Outside influences and events, such as poverty, unemployment, marital unhappiness, defective education, and so forth, help to set the stage for crime, but they do not supply the most important contributing causes. It is impossible to imagine a crime without a state of mind preceding it, and producing it. A man in the extreme of want steals \$5, for example; other men, equally poor, do not steal. Why does one steal and the other not? A rich man commits a crime; but there are other rich men who do not commit crimes. Similarly, a husband, in a fit of jealous rage, kills the person who, he discovers, is trying to win the affection of his wife; scores of other husbands have made the same discovery without having to commit murder.

The criminologist insists that in every case of a criminal act, and especially in the case of a prolonged and habitual criminal career, there is some clear, definable condition of the mind, or of personality, that makes the criminal life not only probable but often inevitable. Until such condition is changed or relieved, he says, there is small hope that the criminal will be won to a better way of acting.

PROTECTION OF SOCIETY FIRST OBJECT

In the view of modern criminal science, the first object of measures relating to criminals is the protection of society. This has been denied. It has been charged that the criminologist is more interested in the offender than in society. Critics, seeing the criminologist studying the individual

criminal and trying to discover why he commits crime, have said: "You are primarily concerned with the welfare of the criminal. That is not right. The welfare of society is more important. You should do what you can to protect society first, and then assist the criminal. It is because you are so deeply engrossed in the criminal, often representing him as a 'diseased' and unfortunate individual, that crime flourishes as it does."

To this the criminologist makes answer: "My first concern is the protection of society. But I see more deeply into this matter than you do. In the first place, the prison door swings both ways. People do not just *enter* prison; they also *leave*. That is a very important fact. A few people are killed in prison; others die from natural causes. Here and there we hear of a person actually serving a sentence for life. All of the others come out. The stream of prisoners leaving prison is substantially as large as the stream entering. The man whom the Judges sent up a year ago, with such excellent advice as to how to conduct himself, is out today. The man who was given a five-year sentence in 1921 is now at large. What society does, by its system of imprisonment, is to replace one set of criminals with another in our prisons. When terms expire the criminals come out. What good does this do unless the people who are held in prison are made over into better persons while they are there? Imprisonment is of little use unless it results in improved personality and conduct. That is the reason of my interest in offenders. That is the reason that I am willing to try hard to make criminals into better citizens."

PERSONALITIES OF CRIMINALS

In studying the personalities of convicted people, the modern criminal scientist has made some illuminating discoveries. He has observed that a very high percentage, probably much more than half, are the victims of mental diseases or abnormalities that can be clearly defined, and for which he is able to prescribe effective treatment. Figures vary with institutions, as is to be expected, some institu-

tions receiving a harder set of persons, or persons with longer criminal careers, than others. Dr. Glueck, in the Sing Sing study referred to, found that 59 per cent. of the 608 prisoners were "classifiable in terms of deviations from average normal mental health," and believed that a more extended analysis of the remaining 41 per cent. would have shown many of them to be mentally unstable. Of the 59 per cent. he found that 28 per cent. were distinctly low grade mentally, that 19 per cent. were so constitutionally inferior, or psychopathic, that adaptation to the requirements of ordinary life would be extremely difficult if not impossible, and that 12 per cent. were suffering from clearly defined mental diseases.

This is only one such study. There have been many others. Dr. V. V. Anderson, who has had wide experience in examining criminal personalities, found that 59 per cent. of the prisoners at Wau-



History of the Pilgrims
and Puritans

"Curly Locks" in the pillory

pun, Wis., showed deviations from normal mental health, the same result that Dr. Glueck obtained. At the United States Naval Prison at Portsmouth, N. H., Dr. Jacoby found that 54 per cent. of the court-martialed sailors, corresponding roughly to prisoners in civil life, were suffering from serious mental or nervous



History of the Pilgrims and Puritans

Scourging the erring Quaker

disorders. At the West Virginia State Prison 65 per cent. revealed, upon careful examination, nervous or mental abnormality.

These defects of personality, the criminologist explains, are causative agents, in greater or less degree, of the individual's criminal conduct. Sometimes the causal relationship is clear and unmistakable, sometimes less clear. Even where it is less clear the defects have a predisposing tendency toward crime, and if situations arise in which the individual is subjected to too much pressure, or stress, crime is likely to be the result.

It is difficult for most people reading the accounts of hold-ups and other crimes in the newspapers to believe that many of these malefactors are suffering from distinct mental or nervous disorders. It is often necessary to probe only a little way below the surface, however, to discover the extraordinary abnormalities or states of mind that exist. The trouble is that until recently we have not begun to look at our criminals with this object in view. We have got no further than the cold stare or the leering mouth. The criminologist insists that it is possible to go further.

Study of the individual offender is

necessary, therefore, says the criminologist, before one can say what is the matter with him. And when his disabilities have been discovered the treatment that is applied must be treatment intended to relieve or remove those disabilities. Otherwise, any method of handling him is guesswork and a makeshift.

FAILURE OF PRISONS

Prisons do not improve the conduct of people today, says the criminologist. Life in the typical prison does not strike at the root of the difficulty, at the prisoner's abnormal personality. It contains nothing calculated to cure or remove his mental peculiarities. For proof of this the criminologist points to the extraordinary number of repeaters found in the prison population. Forty-seven per

cent. of all the men and women admitted to the State prisons of New York in 1921 were known to be repeaters. The percentage was probably higher, for it is very difficult to trace the records of all criminals. Similar discoveries are made everywhere. The typical repeater is the prisoner with the abnormal mental condition. Glueck found that 66 per cent., or two out of every three, of his mentally abnormal prisoners at Sing Sing were repeaters.

Dr. Anderson has summed up his experience as follows: "The most striking thing in the whole situation is the depressing fact that the majority of the inmates in our penal and correctional institutions are repeated offenders, persons who have been prisoners over and over again, in whom we have failed to accomplish that which we have set out to accomplish—their reformation, and the prevention of future criminal conduct. It is a striking commentary on our methods of dealing with criminals to learn that from 40 to 50 per cent. of the criminals responsible for the recent crime wave in this country are individuals with old prison records." This was written in 1923.

Few wardens contend that prisons really reform criminals. They do not justify

imprisonment on that ground. They say that the offender has committed a crime and deserves to be punished. Very well, says the criminologist, punish him if you wish, but what good does the punishment do if there is little or no alteration of conduct? And the criminologist asks: What would be thought of a hospital showing so high a percentage of failures to recover among its patients?

A SUBSTITUTE FOR THE PRISON

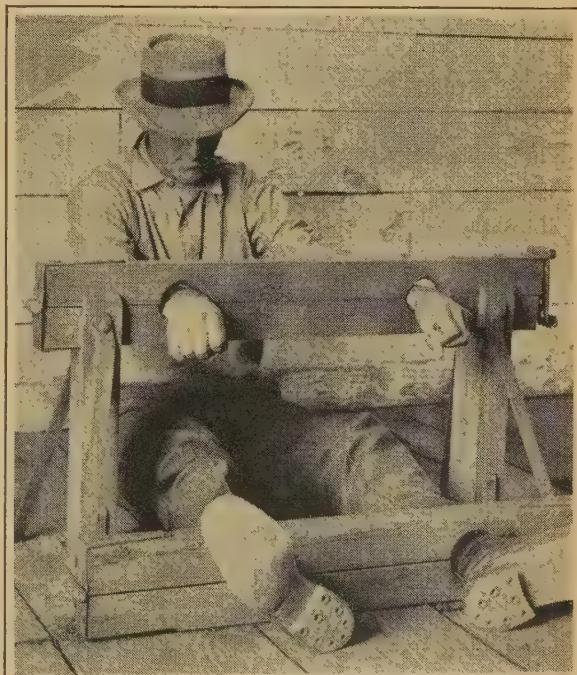
For the single prison of today the criminologist would substitute a group of specialized institutions. In each of these institutions a particular type of offender would be confined. The criminal would then receive treatment adapted to his particular needs in this institution. The group of specialized institutions desired by the criminologist would include the following: (1) An institution for the mentally low grade, or feeble-minded, prisoners; (2) an institution for criminals having one form or another of insanity, many of whom would require permanent, or protracted, confinement; (3) an institution for prisoners, neither feeble-minded nor insane, but who are suffering from mental diseases or abnormalities susceptible of partial or complete cure; (4) an institution for prisoners of normal mentality, supplying facilities for teaching them trades; (5) another institution for prisoners of normal mentality, supplying farm work for them, and probably adapted specially to prisoners advanced in age. To these the criminologist would add a central receiving station, or institution, to which all prisoners would be sent in the first place. There they would be held through a period of observation and diagnosis. When their particular needs and disabilities had been discovered, they would be transferred to one of the institutions enumerated. Thus, the whole system would present a scientific at-

tempt to discover and relieve the particular difficulties of the criminal. As knowledge advanced, further specialization of institutional confinement would result.

TO BE HELD UNTIL IMPROVED

The criminologist does not believe in the fixed sentence of a definite period of time. He does not believe that it is possible to predict in advance that a man will be cured at the end of one year, three years, five years or ten years. That is what a fixed sentence amounts to; it is a prediction. The judge has other reasons for imposing it, of course—the nature of the man's crime, his record of previous convictions, and so forth. But at the end of the sentence the man comes out. The fixed sentence, therefore, is a prediction as to how long it will take him to recover.

The criminologist prefers an indefinite sentence. He prefers to have a man sent to prison, to remain there "until cured" or "until able to lead a law-abiding life." The situation of the criminal, believes the



Stocks used today as a punishment for prisoners in the Bellwood Convict Camp, Georgia

criminologist, is like that of a person ill with disease. Suppose a doctor should say to a patient: "You are sick. Go to the hospital exactly twelve days. At the end of that time, come out." The patient might or might not be well at the end of twelve days. If his trouble happened to be typhoid fever, or an operation for appendicitis, no one could tell in advance what complications might develop. The criminal is in the same predicament, believes the criminologist, who would, therefore, leave to a board of specialists, including a psychiatrist, the legally authorized and controlled, decision as to when the man was fit to rejoin society.

CRIMINAL LAW AND PRACTICE

These plans for the study and treatment of offenders, the criminologist recognizes, cannot be thoroughly put into practice without substantial changes in criminal law and procedure. Some steps can be taken. Every court can utilize the assistance and advice of a specialist in criminal personality, and many Judges have already found such assistance desirable. Moreover, prisons can employ the services of psychiatrists, and prisons have done this.

But far-reaching progress awaits changes in criminal law and procedure. The chief object of criminal courts, heretofore, has been to discover whether a particular person was guilty of a specific act. Did such and such a person do such and such a thing, at such and such a place, and at such and such a time? This is the question that is asked, and everything, from the Judge's decisions as the trial goes on to the rhetorical outbursts of opposing counsel, centres around the effort to obtain an answer. This is not the kind of process that appeals to the criminologist. He prefers a calm, discriminating, patient effort to get at the truth about the criminal's personality. Not, Did so and so do this? but,

To what extent is so and so a potential menace to society? This is the question that interests the criminologist. Whether the particular act was committed will probably throw light on the defendant's personality, but it is only one act; the criminologist would review a series of acts and study his whole behavior. The man may be innocent of the crime charged, and yet socially a menace. The criminologist would go through a more drastic proceeding than the criminal court. He would really try to find out whether the person charged with the crime is a danger to society or not. If the person is found to be dangerous, the criminologist would have him treated, whether the jury returns a verdict of guilty or not guilty.

In another respect criminal jurisprudence is at odds today with the purposes of criminal scientists. The intention of the criminal law is still to "make the penalty fit the crime," despite the satirization which Gilbert and Sullivan gave to the phrase years ago in *The Mikado*. The criminologist is interested, not in the crime, but in the criminal. It is the criminal that is the active, live agent; the crime is merely an act, and an act already performed, at that. To make the penalty fit the crime seems to the criminologist ridiculous; he would make it strike at the root of the criminal's misconduct. As already seen, he would subject the offender to such a course of institutional segregation as would cure, or relieve as far as possible, the defects, mental or otherwise, of the individual; and he would keep the offender in confinement as long as necessary.

Many of these changes cannot be put into effect until popular opinion is willing to give the criminologist more of a chance to show what he can do. So far he has had little chance, but he is patiently waiting until some of the crude methods of punishment give way to a more scientific attempt to eliminate the causes of crime.



The Anti-Evolution Campaign in America

By HARBOR ALLEN

Publicity Director of the American Civil Liberties Union, which undertook the defense
in the Scopes Trial

In March, 1925, Governor Peay of Tennessee signed the first State anti-evolution law in America. This law designates as a criminal offense the advocacy in public schools and colleges of "any theory that denies the story of the divine creation of man as taught by the Bible and teaches instead that man descended from a lower form of animal." Four months later came the Scopes evolution trial. It left the liberal element in the country comfortably convinced that the movement to restrict the teaching of science by law had been once and forever laughed out of court.

How far this is from the truth but few Americans know. As a matter of fact, within the past year State Assemblies and Boards of Education throughout the country have been erecting as never before legislative stockades and barbed-wire fences about public school and college education. Indeed, nowadays it seems no longer the vogue to "teach the young idea to shoot," but to believe implicitly in the Bible, to shudder at evolution, to look suspiciously on science and to avoid all kinds of intellectual and political heterodoxy. Particularly is this true of the South. In the South, where "Bible Crusaders," "Fundamentalists," "Bryan Leaguers" and anti-evolutionists are strongly entrenched, the past year has seen a veritable whirlwind of activity to quarantine the "dangerous infection of Darwinism." So intense is Southern hostility against Northern conceptions of science and faith that one can readily conceive of a time when the whole country will be divided by a deep and abiding schism, with New York as the capital for the Modernists and Florida as the headquarters of the Fundamentalists.

"I believe that with vigorous effort such a law [prohibiting the teaching of evolution] can and will be established in fifteen or

twenty States," declared Dr. Herbert S. Hadley, Chancellor of Washington University. "The next step will be to banish such teaching from all schools, and we may yet witness the spectacle of men and women facing prosecution who decline to accept the literal statement of the Old Testament upon geography, geology, astronomy and the origin of human life and to construct their theology on the foundation of a flat earth." "That the menace to freedom in teaching in the tax-supported schools of this nation is a real danger is now better understood than it was only a year ago," states the bulletin of the Science League of America. "A year ago we predicted that the Fundamentalist attacks upon freedom of teaching, particularly in science, would become increasingly more dangerous until they menaced every part of the country. This prediction is unfortunately becoming only too well fulfilled."

With only nine State Legislatures in regular session, the first five months of 1926 witnessed the introduction of three anti-evolution bills in Southern States. In only one of these did the bill become a law. Yet it is obvious that 1927 will witness a flood of anti-evolution legislation, a large portion of which will undoubtedly be enacted. "Within twelve months every State in the Union will be thoroughly organized," predicts Dr. William Bell Riley, Executive Secretary of the World Christian Fundamentals Association. This association aims to force through Congress a constitutional amendment to outlaw in the name of "religious freedom" the teaching of evolution in tax-supported schools. Sufficient funds for the crusade have already been raised.

In Mississippi an anti-evolution law was enacted by the Legislature in February, 1926, and signed by the Governor in

March. The only active opposition came from the American Civil Liberties Union, with headquarters in New York City, which appealed in vain to local educators and scientists. After the bill was passed and signed, it volunteered to assist the suit of any Mississippi tax payer to enjoin expenditure of public funds for enforcement. Similar offers were made to Mississippi members of the American Association of University Professors. As yet no Mississippian, professional or lay, has responded.

A similar bill, introduced in the Kentucky Legislature for the second time in two years, was killed in the lower House in February. Kentucky, however, is by no means free from Fundamentalist endeavors. Two new bills to prevent "atheistic teaching" have been introduced by the author of the defeated measure; and a body known as the Fundamentalists' Association has been formed at Wilmore to secure their enactment. "The hour has come," they announce, "when evangelical Christians must heed the scriptural injunction to 'contend earnestly for the faith which was once delivered to the saints.' Our object is to establish the rising generation in the orthodox faith of the Fathers; to provide for an intense campaign against modernism; to promote the cause and cardinal doctrines of historical Christianity; and to secure effective legislation in the different States against the teaching of evolution as a scientific fact in tax-supported schools. . . . We believe in the divine and special creation of man according to the Genesis account."

An anti-evolution bill introduced in the Legislature of Virginia was withdrawn in March. In Atlanta, Ga., the Board of Education toyed with a resolution condemning the teaching of Darwinism and appointing an investigating committee to report the names of "guilty" teachers against whom the Board would "take proper action." What this action might be was not divulged. "It is not the intention or purpose of this body," the Board explained, "to allow disseminated in the public schools of Atlanta any doctrine or theory, either officially or unofficially, by any teacher in the public schools in this city which would lead to the acceptance by the youth of

Atlanta of the doctrine of evolution or any theory that would take from the majesty of God as the creator of the Universe and of having created man in his own likeness and image, separate and distinct from any other of his creations, or that would in any way reflect upon the Bible as the divinely Inspired Word of God." The resolution was temporarily tabled in May.

Meanwhile, Texas, acting upon orders from Governor Miriam Ferguson and the State Textbook Board, has fumigated its public school books against the dread Modernist germ. References to the descent of man were deleted from chapters in the school biology textbooks after a clergyman had informed a church convention that the higher schools were teaching "blasphemous, Bible-undermining, God-denying, Christ-cursing, faith-robbing evolution." When questioned about the textbook censorship, Superintendent of Schools Marshall Johnson replied that "the old-time religion is good enough for me." Short shrift was given the theory also at the Southern Baptist Convention in Houston in May. "This convention accepts Genesis as teaching that man was the especial creation of God," reads the pronunciamento of the Baptists, "and rejects every theory, evolution or otherwise, which teaches that man originated or came by way of lower animal ancestry." All Baptist institutions, schools, missionary societies and other organizations are urged to incorporate this statement in their credo.

"SUPREME KINGDOM'S" CAMPAIGN.

A mass attack upon evolution was begun in January, 1926, when Edward Young Clarke, formerly a high official of the Ku Klux Klan, founded in Atlanta the "Supreme Kingdom." The three-headed dragon which challenges the swordsmen of the "Kingdom" is atheism, "Redism" and evolution, and the deadliest of these is evolution. The "Kingdom's" program calls for offices in all important cities, cross-examination of teachers, ministers and office-holders by elaborate questionnaires, campaigns against "tainted" textbooks, prosecution proceedings to oust Darwinistic teachers, and a recreational centre and home in Jacksonville, Fla., for warriors

grown aged in the battle with the dragon. Mr. Clarke's inaugural edict follows: "It is the theory of evolution which has swept the country that is causing the very foundations of liberty, morals and Christianity to totter. We must control the medium which controls the people, whether it be the newspapers, motion pictures or what, and we must rebuild in the minds of our children the religion of our fathers."

During the same month the Bible Crusaders of America issued from Clearwater, Fla., a "challenge to evolutionists." It was then announced that George F. Washburn, a Boston business man and the owner of a string of hotels in Florida, had endowed the organization with \$100,000 and would supervise the publication of the semi-monthly *Crusaders' Champion*.

"When the great Bryan fell and died leading the charge," writes Dr. T. T. Martin, editor of *The Conflict*, "the standard was caught up by this quiet, God-fearing business man of Boston and Clearwater, and today the Flag of Fundamentalism is borne aloft and the hearts of every Theophilus (Godlover) and every soldier of the Cross and every lover of Religious Liberty are stirred as never before and every one is nerved for the battle that will never end until every evolutionist is driven from the tax-supported schools of America."

The Bible Crusaders and the Anti-Evolution League of America met for a conference in Charlotte, North Carolina, in May. One hundred speakers were sent into the cities of the State to conduct a campaign against the spread of the dreaded theory. North Carolina already bars high school textbooks that "in any way intimate an origin of the human race other than that contained in the Bible." Together with Florida it is marked as the next front in the Fundamentalist strategic manoeuvre. "North Carolina holds the key to the nation. As it goes, so goes America," is the battle cry. A resolution passed by the Florida Legislature warns all teachers that "it is against the interests of the State to teach any theory that relates man in blood relationship with any lower animal." Several counties already decline to "employ any teacher who would not condemn evolution." "Gruenberg's *Biology* or the People of Florida—Which!" is the opening

gun in the assault on the State Legislature. Many State Senators and even some of the Governors of South Carolina, Florida, Georgia, Louisiana and Alabama are quoted by Fundamentalist periodicals as openly denouncing the "ape theory."

The District of Columbia escaped a mild form of anti-evolution when in March the House Committee killed a clause in an appropriation bill forbidding the teaching of "partisan politics, disrespect for the Bible, and that ours is an inferior form of Government." The clause had been incorporated in the bill the last two years. During the hearings Congressman Blanton of Texas was quoted as saying that the District law "will be made a law all over the country," and the Rev. John Roach Stratton, foremost Fundamentalist spokesman of the East, declared: "Better wipe out all the schools than undermine belief in the Bible by permitting the teaching of evolution."

THE ATTACK IN THE WEST

In the West the State which has legislated the greatest number of gags upon the manner in which men must think and children must be taught is California. The State Board of Education commands that evolution be expounded, if at all, "merely as a theory," a ruling interpreted by local boards as applying even to private conversations between teacher and pupil. Attacking evolution as "having no basis in fact," a common Fundamentalist contention, the Bryan Bible League of California is circulating throughout the State a petition for an anti-evolution measure at the next State Assembly, in November. In Los Angeles the Chief of Police has decreed that no one may "deny the existence of God on the plaza." *The Baptist Fundamentalist* of Sacramento declares editorially: "The Germans flew over Belgium and Northern France and dropped poison candy for the children to eat and men said they were damnable demons. They were saints (compared) to such teachers in our schools"—who teach that birds were derived from reptiles. *The King's Business*, published by the Los Angeles Bible Institute, demanding that a murderer be hanged as a dangerous member of society, admonishes its readers

against "highly educated preachers and professors a thousand times more dangerous." Let "equal justice be meted out to criminals in schools and churches," is the periodical's conclusion — the noose for murderer and evolutionist alike.

In Kansas Fundamentalists are being hastily organized for "the great conflict" under the name of The Defenders. The first skirmish was won when parents in a school district in Jewell County voted to burn *The Book of Knowledge*, purchased by the Board of Education for class use, because it contained a discussion of evolution. A Kansas City, Mo., minister, speaking at a Christian Endeavor meeting in Denver, announced: "Worse than an assassin who kills the body is he who shatters the faith of youth." Rape-fiends are burned, he declared, but they are saints in comparison with teachers of modern science. A test case to determine whether "any kind of religion may be taught in tax-supported schools" — evolution being classed by Fundamentalists as a "religion" — will be instituted in the courts of Missouri, according to Dr. Riley, mentioned previously as the chief antagonist of Modernism in the West. "The movement is sweeping from coast to coast," Dr. Riley proclaims, and he wishes it to be known that \$600,000 has already been collected for the movement. To corroborate his assertion comes the announcement from the World's Christian Fundamentals Association convention at Toronto in May that Fundamentalist colleges will be established in every State in the United States and every Province in Canada. The headquarters of this "Bryan Foundation for the Advancement of Christian Fundamentalist Education" is to be a mammoth post-graduate institution in Chicago, known as Bryan University. Twenty-five million dollars will have to be raised in five years to realize this plan.

East of the Mississippi, in general, the North offers less fertile soil for Fundamentalist propaganda. New Jersey and Massachusetts are the most conspicuous exceptions. At Morristown, a county seat in New Jersey, a bonfire of scientific books was held last Winter. It was at Morristown, incidentally, that C. B. Reynolds was convicted of blasphemy in 1887, although

defended by Robert G. Ingersoll. "We are not going to stop until we have driven every Modernist out of our pulpits and seminaries and editorial chairs," was the benediction of a New Jersey minister over the flames. "We are going to put them out if it takes our lives to do it." As for Massachusetts, the trial of Anthony Bimba, a Lithuanian labor editor, for "exposing to contempt or ridicule the Holy Word of God," a Puritan blue law of 1697, is too well known to expatriate upon. What most people do not know is that until as late as the end of May Bimba had not been permitted to speak in Boston. Halls in which he was to appear were closed by police on the pretext of failure to comply with fire and safety regulations, and a letter of protest to Mayor Nichols, signed by some of the most influential citizens of Massachusetts, was ignored. Brockton, the city in which Bimba was tried, is honorably cited by the *Crusader's Champion* for dismissing a teacher who "taught disrespect for the Bible."

In those States where evolution is allowed to be taught unhampered in the schools there is considerable energy expended to "save America" by compulsory Bible reading laws, the dismissal of teachers suspected of religious heresies and other measures to enforce religious and political orthodoxy.

DAILY BIBLE READING LAWS

Laws requiring the daily reading of the Bible are now enforced in the public schools of eleven States. Delaware, Idaho and Oregon have been added to the list during the past year. A similar bill was vetoed by the Governor of Ohio. Innumerable local boards in the country have passed compulsory Bible reading provisions despite the protests of Jews, Catholics, Unitarians and Quakers. Thirteen high school students at Faith, S. D., for instance, were expelled for walking out of a classroom during the Bible reading period. In New York, Colorado and Ohio similar difficulties are arising.

Not a day passes without new evidence of the attack on evolution. For example, the Louisiana Baptist Convention "presented a memorial to the State Board of

Education on May 20 demanding that the teaching of evolution be abolished in schools throughout the State," and the board, it is subsequently reported, has taken the matter under advisement. From the newspaper reports of the Northern Baptist Convention in Washington in May, we learn that "the Fundamentalists are charging that heads of Baptist colleges, eager to get money for expanding their educational facilities, have been shaping their curriculums so that an evolutionary type of minister is replacing the 'Baptist of history.'" The same day one finds an Atlanta dispatch, with "Ready to Start War on Evolutionists," as the headline, announcing that the national campaign of the Supreme Kingdom would commence on June 1 and that "Fred R. Rapp, for ten years executive organizer and business manager for Billy Sunday, will be director of organization." "We are laying our plans carefully for the Presidential election two years hence," Edward Young Clarke, the founder of the "Kingdom," is quoted as saying. "We will have an organization in every political precinct in the United States by that time. Our financial backers now number about 500 outstanding American citizens in twenty-odd States. The radio will be our most powerful weapon."

Again, two high school teachers in Paducah, Ky., were not reappointed for next year because parents accused them

of propounding evolution. The point of the story is that both teachers are now strenuously disavowing any faith in the excommunicated theory. A Baltimore dispatch on May 26 declares that the Liberals and the Fundamentalists of the Presbyterian Church are lining up their forces for a "showdown."

One phase of the fight against evolution that is worth noting is that expressed by *Christian Fundamentals*. "There is not a stranger combination in the world than the one evolution produced. It brings together the Reds of Russia, the university professors of Germany, England and America, the I. W. W.'s and every bum from the down-and-out sections of every city in America. There are two classes of people that vote together every time this subject is discussed, and that is the university crowd and the social Reds, and they are practically alone in their advocacy of evolution." And from the editor of *The Western Recorder*, published in Louisville, comes the last word on education: "If what they [modernists, evolutionists, and so forth] teach is the truth, then their truth is responsible for all the crime, the ugliness, the rapine, which the world has; and if what we teach is error, then our error is responsible for all the good in man, for the support of every beneficent institution, every hospital, every orphanage, for every security of civilization."



The American Negro Evolving a New Physical Type

By MELVILLE J. HERSKOVITZ

Department of Anthropology, Columbia University

FOR decades the negro has been with us, accepted as a menial, regarded as a captive savage not long out of slavery; indeed, as not far removed from the animal, doing the lowly work for the rest of us, taken as a matter of course when doing it. The negro, it has been felt, was all right in his place, and his place was not questioned by many nor even by the few until very recent times. He waited on his white masters at table, he polished their shoes or grew their corn or picked their cotton—he was the genial, obsequious Pullman porter, or the benevolently regarded Uncle Tom type of old man, with his ever-ready, "Yas suh, massa!"

Recently, however, another view of the negro has developed. With a kind of naive astonishment, the discovery was made that this slave had produced music of fine feeling and vitality. Not only that, the words he had made to this music were of a poetic quality of no mean sort. We began to hear of his asserting his independence, of his moving North in droves from the South, where he was held in oppression; of his organizing banks and life insurance companies, of his attempting art theatres, of his writing novels and poetry, of his building a Harlem in New York City. And then the discovery was made that we had with us the new negro.

What is this new negro? That is, what may he be aside from the things he has done? What is his ancestry, and to what extent can we call him negro at all? It is amazing when we think that, with all the admitted seriousness of the negro problem before us, there has been absolutely no attempt to discover what has been happening to the negro physically and racially in all the years he has been in this country. We know, of course, that there has been a vast amount of white blood poured into the

negro population during slavery times, but we have never tried to investigate how this might have affected the physical structure of the resulting generations, theorize though we may have about intellectual effect. We do not, as a matter of fact, even know the tribes of Africa from which the African ancestors of our negro population came; whether they came from the people we call "true negroes" or from the mixed peoples who live to the north of these tribes in Africa.

To be sure, we have advanced all manner of theories on this subject, and it is with them, quite unsubstantiated in the main by factual data, that we have tried to consider the problem of the negro in this country. - For example, you have often heard that the negro was "breeding out" through the infusion of white blood, and that, given enough time, the negro problem will thus disappear. But there has been no attempt made to substantiate this statement and to see whether or not this was actually true. Again, you may have heard that the negro, being a cross between two racial groups, is so mixed that nothing can be done with him, and that since mixture always lowers the stamina of a people there is not much use, therefore, bothering about him.

In the light, then, of the many theories about the negro that we have heard advanced, it is interesting to try and see what has been happening to the negro since his ancestors were brought to this country from Africa, whether direct or by way of the West Indies. And about the only way to see is actually to study the present-day negro population to the extent that we can get at it. If we take definite physical measurements, as must be done where anthropological studies of race differences, the effects of race crossings and the like are undertaken, on as large a

group of male negroes as an investigator can reach, we may find some surprising results. Because, going as one is, into *terra incognita*, one does not know what to expect. Naturally, one has an idea. One expects to find the negro in America an extremely heterogeneous group, which, because of the large amount of negro-white crossing, shows little stability in physical characteristics, and which represents a combination of the extremely diverse traits which characterize the whites on the one hand and the pure African negroes on the other.

NEGRO ANCESTRY

Such an attempt at getting at the problem of how the negro has developed physically in this country has been made, and the results are of interest because of the extent to which they go counter to just what would be expected. Of course, these results are tentative and cannot be considered conclusive by any stretch of the imagination. But let us see how one goes about getting them before we discuss them. In the first place, it is essential to know the ancestral stock of the negroes who have been measured. The only way in which these data can be obtained, since there are no accurate birth records kept in the majority of the States from which the negroes have come, is to take genealogies from the individuals who have been studied. Here we encounter a grave objection, for is it not axiomatic that the genealogy of the negro is without value, that the negro does not know his ancestry? Let us allow this point to rest for the moment, since I believe that it is not a tenable one, and I think I can demonstrate why. We proceed, then, to measure those traits which are of significance in the problem that we are studying—nose width, and lip thickness, and others of the type which mark off the negro from the white. If we are going to study what has happened to the American negro, and we know that he is a cross between these two types, it is essential to see how these "key" traits have been translated in the process of mixture.

What do we find has happened to the negro? A heterogeneous type as was expected, combining the traits of the ances-

tral populations, which are European and African? Not at all. What we have is—the new negro actually before us in physical form. He is a homogeneous lot. He is not a cross only between negro and white, but between these two and an appreciable amount of American Indian added for good measure, and he stands, on the average, apparently midway between his ancestral populations, not having departed toward either, but, in the process of forming his own type, having merged equally the features he derived from the one and from the other.

The work on which these conclusions are based was carried on in those districts where the new negro is to be found. Working on public school children and adult males in Harlem, New York City, and at Howard University, Washington, D. C., I have been able to measure over 2,000 individuals who have come from all over the country, and not only from all over this country, but some from the West Indies as well. You may say that there has been a process of selection, which has brought these people North from where they were born, that has given them the urge to go to the university. I should not deny it, but I should merely point out that one cannot be too sure that this is the case. If you compare the averages for the series of these men measured by me with that which was measured in the army during the war—when a very large number of negroes from all over the country were measured (over 6,000)—you will find that there is no appreciable difference between those army averages and those which I obtained.

This seems to show that the sample I have measured is a representative one. Of course, you may query regarding the large infusion of negroes from the West Indies into our population in the past few years. But I do not believe that this affects our results greatly—the vast majority of the Howard University students I measured were born in this country—nor is it likely that it would affect the findings in any case, since there is no evidence to show that the racial composition of either the African or European ancestry of the West Indian negroes is very different from that of those of this country. At any rate, it

is a point which remains to be investigated, since it has not been studied thus far. And it is one which need only be mentioned in passing, since the adult sample on which I have worked is so comparatively free from the West Indian element. Let us, therefore, with this aside, see what we get.

If we take the average of the adult male group which I measured, and compare it for any physical trait such as lip thickness, or head form, or stature, or almost any other trait in which the African negro differs from the white European (the American Indian averages are usually quite near the white ones) you will find that the American negro averages are about half-way between those for the other two. Take nostril width for example—certainly a "key" trait as far as negro-white differences are concerned. For the series I measured, the average is 40.96 millimeters. American whites average 35.0, half-blood Sioux Indians 37.6; but African Ashanti have noses that are 42.5 millimeters wide on the average, and the Kajji of West Africa average 45.51. Our American negroes are about half-way between the ancestral populations.

COMPARISONS IN STATURE

Again, let us take stature, another trait. Let us see whether the group measured by me is the same as regards stature, in comparison with the European, Indian and African populations to which it is most probably related as it was with regard to nose width. On the average, these negroes are 171.1 centimeters tall. Englishmen average 174.4, old white Americans recently measured by Dr. Hrdlicka 174.3, Iroquois Indians 172.7, Creek Indians 173.5, Scotsmen 172.1. How about the Africans? The Kanuri-Bornu of West Africa (and all these tribes mentioned are West African ones) average 171.0 centimeters, the Kajji 168.3, the Eko 166.9, the Ashanti 164.2, the Yoruba 163.0. Here again we see that the American negro lies between the Africans, on the one hand, and the Europeans and American Indians on the other. Of course, these lists of populations are skeletal, and there are many more traits which might be cited, but they

are sufficient to show what is meant when I say that the American negro—at least, such of the new negro as I have measured—averages in trait after trait midway between the figures for the peoples from which they have come.

There is another point to be considered. It was claimed that not only has the American negro blended the ancestral traits, but that he is homogeneous. Now, what is meant by this? It is not a term which is often used in the discussion of physical likenesses and differences, because our anthropologists have been so busy chasing the will-o'-the-wisp of race that they have not had time to study what has happened to actual existing populations. But it really involves what may be termed the variability of a population. If, let us say, in a given measurement, such as the height of the ear, one population ranges from 50 to 70 millimeters between the extremes and another from 40 to 80 millimeters, one would not hesitate to state the more variable to be the second of these two on this particular trait. Now, in a consideration of human populations, one trait does not have a great deal of importance, but when we find a consistent result in trait after trait (and some thirty traits have been measured on each individual in this study), then we feel that there is something of significance present.

Most students of the subject have held that low variability is an earnest of pure race. To be sure, when you find a race of people that is pure (and that really means inbred) you will get a low variability, for all the individuals come from the same ancestry. But again, a result that is amazing when we consider the vast amount of mixture represented in these American negroes, it is found that here, too, we have this same low variability that is supposed to be an earnest of pure race. Yet obviously, there is nothing like purity of race represented in the American negro. Our common knowledge of history tells us so; the large number of the very light "negroes" we see on the streets or meet in our daily existence tell us so and the genealogies tell us so. And still, if we again compare the variability of our series measured in New York and Washington with that of pure white populations, European as well

as American, and with pure African negro populations, we find a result that is reasonably enough consistent to allow us to conclude that there has been developed a homogeneous type.

That is not the only reason that we conclude that the new negro is a homogeneous group. It will be remembered that work was done in this study with an unselected group of negro school children in Harlem. As is natural, there were measured numerous sets of brothers and sisters among these. Now, if we have family groups, we can, by a reasonably delicate statistical manipulation, tell the extent to which these families may be expected to be like one another. But if they are quite alike, we have homogeneity, and if they are quite different we have heterogeneity. That is, we set out to find whether the family lines of our population are alike or dissimilar when compared to the extent to which those of other populations are alike or not alike. What do we actually find? That the variability of the family lines of this American negro population is as low as that of the families of Tennessee mountaineers. On the other hand, there is much greater variation within the families, which points to what we are now beginning to suspect as true, namely, that there has been a great deal of crossing in the American negro population, but that this has been gradually diminishing, with the result of increasing homogeneity.

MISLEADING CENSUS FIGURES.

There is a point, however, of the reliability of the genealogical statements given by these new negroes.

What was obtained from the genealogical information given is vastly different from what has been accepted before as the racial background of the negro. For instance, the census of 1920 tells us that 15 per cent. of the American negroes are "mulatto," or mixed, and that the rest are pure negro. It is understood that the census figures are based on the oral statements of many different persons, and that no questions as to actual ancestry were asked. But my figures, on the other hand, show that only 20 per cent. of the men from whom I obtained information are

without mixture, and the other 80 per cent. are mixed. It cannot be denied that here we have the effect of selection, and I am willing that my figure of 20 per cent. unmixed be raised materially when applied to the negro population of the country as a whole. I say this because of the fact that my material was gathered where it was.

There is little question in my mind that there is a strong selection within the negro community favoring those persons who look least negroid—who are the lightest in skin color, for example. This would operate to make a larger percentage of mixed individuals go to college, or perhaps to migrate to New York. This came out strikingly when comparative studies of the pigmentation of various groups was made, when I found that the Howard students were lighter than the New York school children, while these are lighter than negro pauper cadavers. So, as I say, my figure of 20 per cent. unmixed negroes may well be too low. But I am convinced that it is far nearer the truth than are the figures given by the census. In any case, I am speaking here of the new negro, primarily the type with which I have worked.

Another point which the genealogies brought out, one which is almost always overlooked, is that 33 per cent.—one-third—of the men whom I measured claimed partial American Indian ancestry. There are several ways of checking these statements. With regard to the Indian ancestry, I tabulated the places of birth of the men who claimed to be descended from the Indian in part, and I found that by far the greatest number of them came from those States where, historically, we know there were large Indian populations. As for the amounts of negro-white mixture, the men were placed in four classes, ranging from pure negro to more white than negro ancestry, and then the average of the traits for the four classes were tabulated. The results are most striking. In every case, practically, and certainly for every important "key" trait, the group which claimed to be unmixed negro is to all intents and purposes identical with the African averages; the class that claimed to be more negro than white a bit more

like the white, and so on, until the class which said it had more white than negro ancestry is not far from the averages for the European populations in the various traits.

To be specific, let us take three traits which are definite differences between whites and negroes. The negro lip is thicker than the white, the nostril is broader, and the height sitting is shorter (which means that the legs of the negro are longer). If we tabulate the averages for each of the genealogical classes, remembering that each individual was placed in his class entirely on the basis of his own genealogical statement, we find the following:

CLASS.	LIP THICKNESS. (Milli-meters.)	NOSE WIDTH. (Milli-meters.)	SITTING HEIGHT. (Centi-meters.)
Unmixed negro.....	23.9	43.4	87.3
More negro than white..	22.5	41.35	88.1
About the same amount of white and negro...	21.98	39.96	88.35
More white than negro..	18.8	37.5	89.1

Thus it seems that the validity of the genealogies is reasonably well established, to put it very conservatively, and that to say that our conclusion as to the amount of mixture represented in this population of the New Negroes is invalid because it is based on ancestral data given by the men themselves is to make a statement which must at least bear the burden of proof.

LESS WHITE-NEGRO CROSSING.

Thus, our conclusions, after all this measuring and computing, seem to show that we have, in actual physical fact, a New Negro. And how did he come to be? Certainly, if the genealogies are examined, there is a very small number of individuals who claim a White parent. But there is an appreciable number of White grandparents, and, if the record went further back, as it does in only a comparatively small number of genealogies, there would probably be even more White great-grandparents. It seems to point out that there is a lessening of the amount of crossing between the two races, a factor which would be essential to the establishment of the type which has been observed as a result of this study.

Here again, the objection might be raised that we are dealing with a selected group, that the crossing between Negroes and Whites goes on in the lower social strata of each group, and that therefore any conclusions drawn from material such as this are invalid.

A test would perhaps be to see how many White fathers there would be to a group of illegitimate Negro children. It so happens that this material, difficult as it is to obtain, is at hand. A study has been made by Dr. Ruth Reed of unmarried Negro mothers in the Harlem district, and here, too, an amazing result has been obtained. For only about two per cent. (to be exact, seven out of five hundred cases) of the fathers of the children of these Negro unmarried mothers are White men. Though these cases were studied in Harlem, I have been assured by those in a position to speak with authority on the matter that a similar percentage of crossing with Whites would obtain were the data gathered in the South. I myself have observed that there is a pressure within the Negro community against associating with Whites which parallels that in the White group with regard to Negroes. And so I believe—for one cannot hold on the basis of the material at hand more than an opinion on the subject—that there is relatively little crossing going on between Whites and Negroes, and that it is this mechanism which has allowed of the consolidation of type which all our results seem to have shown to be in the process of being accomplished.

It is not strange, then, that we have the phenomenon of the New Negro. Along with the consolidation of physical type which has been going on, there has also been a consolidation of the American culture within this group, which now begins to express itself in the idiom of this country. I do not mean that there is to be observed any new "race," mystically endowed with peculiar qualities, which is in the process of formation, nor that there is to be coupled with this physical type any peculiar cultural ability. The Negro, after all, is the product of what he learns and the experiences to which he is exposed, plus a certain personal some-

thing which is inborn, just as are all the rest of us. And I draw no conclusions as to what may be the cultural and intellectual result of the physical mixture which he represents.

On the face of the results which have been obtained from this study—which, it must be confessed, barely scratches the surface of the field—it seems that from now on we shall have to think of the American Negro not as an African type in which there has been mixed a small amount

of white blood, a mixture which is still continuing and that will continue long enough finally to achieve the absorption of the Negro into the dominant white population. We must think rather in terms of this New Negro, with his relatively homogeneous form and relatively stabilized type, who has solved the business of living in this American culture, and who, with his start fairly won, will press on in the American community as a full-fledged member of it.

Negro Labor's Quarrel With White Workingmen

By ABRAM L. HARRIS

Formerly Teacher of Economics, West Virginia Collegiate Institute; writer on Negro questions

MOST treatises on the history and philosophy of the American labor movement have taken little of the painstaking inquiry necessary to establish the significance of negro workers to trade unionism. Many authors who make this omission do so because of adherence to the popular assumption that since the vast proportion of negro labor has been devoted to agriculture in the South, its relationship to the trade union movement, which has been largely in the industrial North, has been practically nil. The migrations of negroes from the South to the North have upset this sort of reasoning. They have shown that this reservoir of Southern black labor, even if composed chiefly of agricultural, domestic and unskilled workers, could be tapped by the captains of industry as occasion should warrant, and that upon the occurrence of stresses in a one-crop agriculture system, the labor which was devoted almost wholly to the production of its staple crop, cotton, and which was unorganized, would shift to the Southern and Northern cities to take its place among the older white industrial wage earners.

Since 1900 the negro's importance in mechanical and manufacturing enterprise

has steadily increased. Between 1910 and 1920 the number of negroes, 10 years and over, gainfully employed in agriculture decreased 24 per cent.; the number in domestic and personal service decreased 5.1 per cent, while in the extraction of minerals the number increased 20.6 per cent., and the manufacturing and mechanical occupations showed an increase of 125 per cent.

Concomitant with this growing importance of negroes as industrial wage earners, the question of unionization has become paramount. The perception of need for organization is reflected by the embittered criticism of W. E. B. DuBois, Director of Publicity, National Association for the Advancement of Colored People, against the temporizing policy of the American Federation of Labor; by the National Urban League's recently proffered assistance to the federation in constructing a definite program for the inclusion of negroes in the various trade unions; by the attempt of negro union members to foster within the federation a more thorough organization of negroes; by the present attempt of the negro sleeping and dining car employes to build a gigantic national organization in these occupations, and by the propaganda

which is being conducted among colored workers by the negro radicals affiliated with the Workers (Communist) Party of America.

At the 1919 convention of the American Federation of Labor the Committee on Resolutions reported that it had under advisement a resolution requesting an international charter of colored workers, another asking for the services of organizers from the federation, and a third urging that a colored organizer be appointed in every State of the Union. Another resolution asked that a man, preferably colored, be stationed at Washington to look after the interest of colored workers, and another made complaint against the International Union of Metal Trades for refusing membership to negroes. These recommendations were adopted and referred to the Executive Council, which was in turn advised to give special attention to organizing colored workers everywhere. Similar resolutions had been presented in 1902 and 1907, with little action resulting. In the same year that the aforementioned petitions were presented a resolution recommending the organization of colored Pullman porters, dining car cooks and waiters, train porters, firemen, switchmen, yard engineers, boilermakers and assistants, machinists and helpers, headlight tinkers, coach cleaners, laundry workers, shop and track laborers and section men into a separate colored railway department, was presented by representatives of the Central Labor Council of Tacoma, Wash. The resolution read:

Whereas the influence of world affairs on the present and future condition of the mass of laborers is such as to make necessary a closer and more kindred feeling of sympathy and purpose on the part of all labor; and

Whereas this spirit of oneness of purpose can and will only be most completely achieved when the benefits derived by the efforts of organized labor are not predicated on race or creed, or sex or color, but rather shall be the common lot and heritage of all; and

Whereas, in the past, because of a lack of realization on the part of the organized white laborer that to keep the unorganized colored laborer out of the field of organization has only made it easily possible for the unscrupulous employer to exploit one against the other, to the mutual disadvantage of each, resulting always in creating that undemocratic and unchristian thing—race prejudice—

and its foul by-products, riot and mob rule, as during the mine trouble in the Pacific Northwest in the early '90s, as more recently on Puget Sound during the longshoremen's strike and at East St. Louis; and

Whereas it is the duty and should be the privilege of every man or woman to labor under such conditions and at such times * * * as will be conducive to his or her contributing such strength as to effectively aid our common country and successfully wage the battles of war and to meet the problems of peace; be it

Resolved, That we, the undersigned colored railway employes, being typical colored laborers, do hereby petition the Central Labor Council of Tacoma, Wash., to give its endorsement to the plea for a plain, square deal for the colored American laborers; and, be it further

Resolved, That the Central Labor Council * * * be and is hereby petitioned to instruct its delegates to the forthcoming convention of the American Federation of Labor to give us support in applying for an international charter to organize colored railway employes. * * *

WHITE UNIONISTS' ATTITUDE

A lengthy hearing was held on the subject. The representatives of the Hodcarriers and Building Laborers, which admitted negroes, and the Boilermakers, which did not, opposed the adoption of the resolution. The Committee on Resolutions reported that acceptance and execution of the aims of the proposal would contravene the jurisdiction of unions of trades represented in the proposed colored railway department. It said: "It is not the policy of the American Federation of Labor to grant charters along racial lines. We know that many international organizations affiliated with the American Federation of Labor admit colored workers to membership, and in these organizations their interests can best be protected and taken care of. There are other organizations that have not as yet opened their doors to colored workers, but we hope to see the day in the near future when these organizations will take a broader view of this matter. Until that time we urge the Executive Council to organize the colored workers under charters of the American Federation of Labor." The committee's first statement that the Federation did not issue charters upon a racial basis conflicts with its last suggestion that the Executive Council organize colored workers under

charters from the American Federation of Labor. But even though the Executive Council had been known to grant charters along racial lines, the colored petitioners from their experience in the Federation should have known that the organization of negroes into a separate railway department would violate the jurisdiction of those unions of trades which admitted negroes and some of which were to constitute the colored railway department. When the above resolution was presented fifty-five unions reported that they admitted negroes. These were:

The United Mine Workers, Textile Workers, Seamen, Cigarmakers, Teamsters, Longshoremen, Carpenters, Plasterers, Bricklayers, Maintenance of Way Employes, Laundry Workers, Tunnel and Subway Workers, Amalgamated Association of Street and Electric Railway Employees, International Typographical Union, Brick and Clay Workers, Hodcarriers and Building Laborers, Leather Workers, Blacksmiths, Motion Picture Players' Union, American Federation of Teachers, American Federation of Musicians, Steam and Operating Engineers, Bakers, Painters, Postal Employes, Decorators and Paperhangers, Hotel and Restaurant Employes, Barbers' International Union, Metal Polishers, Stereotypers and Electrotypes, Letter Carriers, International Fur Workers, Civil Engineers' Association of Boston, Firemen and Oilers, Quarry Workers, Boot and Shoe Workers and Molders.

If the response from these unions is an exact measure of the number which debarred negroes in 1919, it seems that 45 out of the 111 affiliated unions admitted negroes. This response is deceptive. What many meant by replying affirmatively was that they organized negroes into separate local unions under their jurisdiction. So these forty-five affirmative responses should be discounted so as to exclude such unions as the Painters, the Hotel and Restaurant Employes, the Blacksmiths and others who maintain separate locals for negro members. It is difficult to determine what unions and how many reject negro workers on account of color. Many whose constitutions do not debar negroes offer little encouragement to them to join. They discourage negro membership by remaining silent on the issue and should a negro apply for admission, reject his application. The Structural Iron Workers is a case in point. There are other unions whose

constitutions contain clauses prohibiting the admission of negroes. Among these are the Machinists, the Boilermakers, the Railway Mail Association and the Switchmen. On the other hand, even if a union's international constitution may not prohibit negro membership, the policy of its local union determines whether negro workers in a given community will be organized or not.

LOCAL COLOR PREJUDICES

The position, then, of the negro in the ranks of organized labor is as much influenced by the racial traditions and customs of the locality in which a local union exists as by the existence or non-existence of legislation enacted by the national bodies against negro membership. In other words, even if the constitution of the national union does not prohibit membership on account of race, the local union may be compelled by the racial psychology of its environs to adopt exclusion tactics. In the light of these conditions the petition for a separate colored railway department instead of being entirely rejected should have been a stimulus to the creation of definitive machinery for handling a problem of race rendered more intricate within the federation by its own functional and structural characteristics. At a later date the Committee on Organization directed a conference between several of the organizations involved in the problem of the colored railway workers. Two of the organizations were the Brotherhood of Carmen and the Brotherhood of Boilermakers. When the Carmen's convention was held in 1921 the following constitutional amendment was adopted: "On railroads where the employment of colored persons has become a permanent institution they shall be admitted to membership in separate lodges. Where there are separate lodges of negroes organized they shall be under the jurisdiction of the nearest white local and shall be represented in any meeting of the joint Protective Board, Federation meeting or convention where delegates may be seated by white members."

The nearest approach toward effecting machinery for the education of white and black workers as to their common interests

came in 1918, when John R. Shillady, Secretary to the National Association for the Advancement of Colored People; Fred Moore, editor of *The New York Age*; Emmet J. Scott, Special Assistant to the Secretary of War; Thomas Jesse Jones, Educational Director, Phelps Stokes Fund, and Eugene Kinckle Jones, Secretary to the National Urban League, were requested to confer upon plans for organizing negro workers. The first meeting was merely consultative. But six months later Mr. Kinckle Jones of the National Urban League wrote this letter to the late Samuel Gompers, President of the American Federation of Labor, in behalf of the committee:

We write to present suggestions for further cooperation between our committee and the American Federation of Labor, as growing out of our recent conference in Washington.

First, we wish to place before you our understanding of your statement to us at the conclusion of the meeting. We quote you as follows, and will be glad to have you make any changes in the text as will make the statement more nearly conform to the ideas which you have in mind relative to the connection that should be established between white and negro workingmen:

"We, the American Federation of Labor, welcome the negro workingmen to the ranks of organized labor. We should like to see more of them join us. The interests of workingmen, white and black, are common. Together we must fight unfair wages, unfair hours and bad conditions of labor. At times it is difficult for the national organization to control the actions of local unions in difficulties arising within the trades * * *; inasmuch as the national body is made possible by the delegates appointed by the locals; but we can and will use our influence to break down prejudice on account of race, color or previous condition of servitude, and hope that you will use your influence to show negro workingmen the advantages of collective bargaining and the value of affiliating with the American Federation of Labor. But few people who are not thoroughly acquainted with the rapid growth of the American Federation of Labor know of the large numbers of colored people who are already members of our organization. The unpleasant incidents in connection with efforts of colored men to get recognition in trades controlled by the American Federation of Labor have been aired and the good efforts of wholesome and healthy relationship have not been given publicity; and for that reason a general attitude of suspicion has been developed toward union labor on the part of colored working people; but I hope that out of this conference will spring a more

cordial feeling of confidence in each other on the part of men who must work for a living."

We are willing to cooperate with the American Federation of Labor in bringing about the results of the recent conference and would make the following suggestions and recommendations, which, with your approval, we shall proceed to carry out to the best of our ability:

First, we suggest that you prepare a statement along the lines of the quotation from you given above and send it to us for approval and that it be given to the negro press throughout the country as expressing your position on matters connected with the relationship between negro and white workingmen.

This statement, in our judgment, should contain a clear exposition of the reasons why certain internationals may exclude colored men, as they do by constitutional provision, and still be affiliated with the American Federation of Labor, whose declared principles are opposed to such discrimination. This we think necessary because the stated facts above alluded to will be familiar to the leaders among the colored people, particularly to editors and ministers, whose cooperation it is essential to secure if best results are to be obtained. We would suggest that you consider the expediency of recommending to such internationals as still exclude colored men that their constitutions be revised in this respect.

Second, that a qualified colored man to handle men and organize them be selected for employment as an organizer of the American Federation of Labor, his salary and expenses, of course, to be paid by the American Federation of Labor.

Third, that for the present we meet at least once a quarter to check on the results of our cooperative activities and to plan for further extension of the work, if satisfactorily conducted.

Fourth, that you carry out your agreement to have your Executive Council voice its advanced position in its attitude toward the organization of negro workingmen and have these sentiments endorsed by your St. Paul convention in June, and this action be given the widest possible publicity throughout the country. We shall be glad to hear from you at your earliest convenience as to the action taken by your Council on these recommendations, with such other suggestions or recommendations as may occur to you.

NEGRO RESENTMENT

The Council reported that it was pleased with the report of these race leaders, but that it could find no fault with the past work of the federation. It agreed that with cooperation of these leaders it could do much better in the future. No further action was taken upon the proposition. Whereas the 1918 convention had appeared

to portend fundamental changes of moment to negro workers, the procrastination which ensued thenceforth was a disillusionment. The less conservative negro leadership spoke embitteredly; and W. E. B. Du Bois, editor of *The Crisis*, commented: "The recent [1918] convention of the American Federation of Labor at Buffalo is no proof of a change of heart. Grudgingly, unwillingly, almost insultingly, this federation yields to us inch by inch the status of half a man, denying and withholding every privilege it dares at all times." Agitation of this sort had been persistently waged by Mr. Du Bois through *The Crisis*, the official organ of the National Association for the Advancement of Colored People.

A more positive approach toward solving the problem was agreed upon at the association's 1924 convention. The association issued a proposal to the American Federation of Labor for beginning an intensive campaign of organization among negro workers and for the education of white and black workers as to their community of economic interests. Similarly, the National Urban League for Social Service Among Negroes has very recently created a Department of Industrial Relations, one of whose functions is to engender sympathetic racial attitudes among white and black workers. President Green has promised cooperation from the Executive Council of the federation. And, in New York City, a trade union council has been formed, with the services of a paid worker, who is to promote more amiable race relations in the trade unions and direct trade union affiliation among negro workers.

A more militant and radical determination to break down race and color psychology in the ranks of American labor was expressed by the Fourth Congress of the Third Internationale in Moscow in 1922. The Congress resolved that "the international struggle of the negro race is a struggle against capitalism and imperialism," and that "the Communist International is not simply the organization of the enslaved white workers of Europe and America, but equally the organization of the oppressed colored peoples of the world." It further resolved to "fight for race equality of the negro with the white people, as well as for equal wages and political and social

rights"; to "use every instrument within its control to compel the trade unions to admit negroes"; and to "take immediate steps to hold a general negro conference or congress in Moscow."

The American Negro Labor Congress, organized in Chicago, Oct. 25-31, 1925, is partial fruition of the Communists' avowal to organize the American negro into a revolutionary working-class movement. The congress, though not actually known to have been backed by Soviet money, was openly sponsored by the Workers' Party of America. Nevertheless the demands of the Labor Congress, which struck at certain restraints and repressions that social circumstance has placed upon the negro, can hardly be labeled as revolutionary or even as ultra-militant utterances. From another point of view the congress manifested decided radicalism. Attributing race prejudice to modern capitalism, it pronounced this indictment: "Intent upon holding down the workers of all races as a general lower class, our masters wish to make us a general lower class within a lower class. The white worker must be made to realize that this discrimination against the negro worker comes back against him ultimately." The criticism leveled at the American Federation was no less scathing: "The failure of the American Federation of Labor officialism, under pressure of race prejudice benefitting only the capitalists of the North and South, to stamp out race hatred in the unions, to organize negro workers, and to build a solid front of the workers of both races against American capitalism, is a crime against the whole working class. If the unions of the American Federation of Labor, through ignorance and prejudice, fail in this duty to the American workers and continue a policy of exclusion in the face of the influx of negro workers into industry, we negro workers must organize our own unions as a powerful weapon with which to fight our way into the existing labor movement on a basis of full equality."

RADICAL APPEAL TO NEGROES

The American Negro Labor Congress appears to be fundamentally a revolt against color psychology in the American labor movement and, incidentally, a pro-

test against inequities arising from the race distinctions perpetuated in American institutions. Like most of us, the negro Communists believe that the insecurity of job and the inadequacy of income are bound up inextricably with the negro's problems of housing, health and cultural development. But, unlike some of us, they believe that nothing short of a new social order can relieve the negro of such social handicaps. Furthermore, the inability of the negro wage earners to better their economic status through collective bargaining because of the barriers set up by various unions against negro membership; a belief in the alleged conspiracy between white employers and their employes to keep negro workers out of certain occupations; a growing disquietude among the negro masses over the conciliatory character of some of the existing negro organizations whose progress in race relations provokes doubtful concern; and a general dissatisfaction with the restraints placed upon the negro by American race sentiment, are factors which furnish a field of inviting fertility to propaganda which promises a world where economic and social equality prevails.

Perhaps most of the rank and file of the American Negro Labor Congress was wholly unacquainted with Marxian economics and the recent Leninized version of it. Nor, perhaps, is this rank and file gravely concerned with any proposed reorganization of modern industrial society. Yet the Communist Party's appeals to it may meet a sympathetic response in spite of its impotence to secure any immediate economic good for the negro or, for that matter, any immediate good either for the negro or for the white worker. But when a promise of racial equality, which, although as a rule of secular conduct, has to await realization in a future world, is reinforced by observance of equality in social practice, as is done in the Workers'

Party, it must have a tremendous appeal to a disadvantaged group such as the negro. And the success of economic radicalism is contingent upon the capacity of the conservative working class forces to effect a counter-reformation.

The American Negro Labor Congress' resolve to organize negroes into their own labor unions has been anticipated by the Pullman porters. Several attempts have been made to organize the negro sleeping and dining car employes into a national union. The dining car employes were successfully organized on several railway lines. But all attempts to organize the sleeping car employes were futile. The present organization of porters, who are being led by A. Philip Randolph, editor of *The Messenger*, seems assured of success. It is estimated that 60 per cent. of the porters employed by the Pullman Company are in the organization. When completed the Brotherhood of Sleeping Car Employes will approximate a total membership of at least 10,000.

A decade and a half ago the most serious problem facing the negro masses as they surged cityward was securing industrial opportunity. Today, although numerous restrictions exist in many localities against the negro's entrance into the higher skilled occupations, his problem is ceasing to be "securing the right to work." More and more it is becoming "organizing so as to counteract the weaknesses of the individual wage earner in industrial society." The whole cultural, intellectual and social life of the negro, like that of other groups, is dwarfed to the degree that life in the lower stratum is economically secure. These working-class movements among the negroes are therefore pregnant with significance to him and the society of which he is a part—this, whether the movements are radical or conservative; whether they are erected within the American Federation of Labor or outside of its jurisdiction.

European Militarism in a New Phase

By WAYNE E. STEVENS

Assistant Professor of History, Dartmouth College; Historian of the United States Air Service, 1920-1921

ON May 18, 1926, a commission consisting of representatives of nineteen nations, including the United States, assembled at Geneva to undertake the discussion of certain questions preliminary to a general conference on the reduction and limitation of armaments to be held later under the auspices of the League of Nations. The seven questions which were submitted to this Preparatory Commission were concerned mainly with the definition of terms and the formulation of principles on which there must be at least tentative agreement before anything can be accomplished in the way of actual armament reduction. After remaining in session slightly more than a week the commission adjourned temporarily, leaving to special subcommittees the consideration of the many technical questions which must be disposed of before the general conference meets.

The public attitude has varied between skepticism and impatience as a result of the protracted nature of these preliminary discussions, and the opinion has been voiced that talk is useless and that "the way to disarm is to disarm." But such an attitude, comprehensible though it may be, fails to take into account the fundamental nature of the problem. To one who has carefully followed the proceedings at Geneva thus far it is evident that the problem of disarmament is tremendously complex and involves many more factors than the mere size of the military establishments concerned. However skeptical one may be with regard to the immediate prospect for any material reduction of armaments, the most hopeful aspect of the entire situation is that the problem is at last being studied by military and naval experts, who are professionally qualified to see it as it really is. Furthermore, the results of their deliberations are being made public and thus the entire discussion has an educational value which can

scarcely be exaggerated. Disarmament can never be accomplished until the world appreciates the real meaning of the word "militarism."

Whatever the future may hold with regard to disarmament, there is another field in which the discussions which are going forward at Geneva will be of scarcely less educational value, and that is the one relating to the question of responsibility for the outbreak of war in 1914. In considering the question of war responsibility "militarism" is always assumed to have been one of the underlying causes of the struggle, and yet the term is seldom scientifically used, being vaguely employed to indicate a state of mind. Some conception of the real nature of militarism is necessary, however, for an understanding of the causes which bring on wars. The operation of these causes can best be understood by the consideration of a concrete case, and the situation leading to hostilities in 1914 is the one which naturally suggests itself for the purpose. It is hoped that the following description of certain aspects of the military system which existed in Europe on the eve of the World War will perhaps throw some new light upon the question of war responsibility and that it will also reveal the nature of the problem with which the members of the commission gathered at Geneva have been struggling.

Under the political and geographical conditions which prevailed before 1914 it was inevitable that the persons responsible for military defense in any country should have devoted their energies to two principal ends: (1) The organization of as large a military (or naval) weapon as the resources of the State would permit, or public opinion tolerate; and (2) The development of the efficiency of this weapon to the highest possible degree.

With reference to the second of the considerations mentioned, it had come to

be almost an axiom among military men that efficiency and speed at the outset of an armed conflict might constitute a decisive advantage, equivalent to thousands of men or many ships. Thus it followed that when a military establishment had reached the maximum size practicable under given circumstances, efforts were made to augment its potential strength by increasing its efficiency. The high degree of preparation which had come to be regarded as an essential attribute of any military organization worthy of the name had been achieved by the general staff system. The general staff was of Prussian origin and its effectiveness was conclusively demonstrated by the elder Moltke in 1866 and again in 1870. Since then the system had been almost universally adopted and it may be regarded as one of the by-products of the scientific methods which have become increasingly characteristic of society during the last fifty years. The function of the general staff in time of peace was to secure the highest possible degree of preparation for war, leaving as little as possible to improvisation and nothing to chance. Indeed, one of the military experts at Geneva recently went so far as to contend that "the value of the general staff of an army should be taken into consideration in estimating the strength of armaments."

MEANING OF MOBILIZATION

One of the fundamental tasks of a general staff officer was to prepare plans for the transition of the military establishment from peace to a war basis, a process called mobilization. All the great powers of Europe before 1914 placed the greatest emphasis upon rapid mobilization, which in itself might constitute as definite and tangible an asset as an army corps. Germany, in the event of war with France and Russia, planned to wage a war on two fronts, disposing first of France and then of Russia. An extremely rapid mobilization was regarded as essential to the success of this plan. The terms of the Dual Alliance between France and Russia, on the other hand, stipulated that if the powers of the Triple Alliance, or any one of them, should mobilize against either of the two

allies, both allies should immediately mobilize, without the necessity for preliminary conversations.

A brief description of the process will help to explain why mobilization was so closely related to diplomacy during a period of tension. The typical European army before 1914 consisted of a definite peace establishment which in time of war was augmented by a trained reserve. In order that the men in this reserve, numbering perhaps several hundred thousand, might take their places quickly and without confusion, a certain degree of decentralization was necessary. A country was divided into districts, which were the basis of the mobilization scheme. An army corps was usually assigned to each district, but a corps district might be subdivided into divisional areas, and these in turn into brigade and in some instances even regimental districts. Each regiment, division, and army corps had its own depot and permanent headquarters. At the depots were kept the arms, uniforms, and equipment for the first four or five classes of reservists to be called out. Every man of military age was required to keep in his possession his military card, which stated to which class he belonged, the day of mobilization on which he was to report, and the place at which he was to report. Thousands of copies of the mobilization order were distributed throughout the country and held in readiness, but with the date omitted.

When mobilization was decided upon a decree was issued stating the day on which it was to begin. The decree was then telegraphed to every part of the country and the mobilization order posted, with the proper date filled in. Everything then proceeded according to a prearranged timetable. The reservist went to the nearest railway station and was given a place in the first train going to his depot. As the active units were filled up, they moved on to the concentration area, being replaced by reserve formations. Military authorities were agreed that to halt the process of mobilization, once it was in full swing, was almost impossible. If a general mobilization were halted at its height, the most indescribable confusion would inevitably follow. Weeks might be required to re-

store order and make possible any further military action. In this connection it is interesting to note that the Military Subcommittee of the Preparatory Commission at Geneva, in seeking a definition of the phrase "peacetime effectives," has decided to exclude trained reserves. This was done largely as a result of pressure from France. From the foregoing description of the mobilization process, it will be seen that this very seriously limits the scope of the disarmament discussions.

Before 1914 also the plans of rival nations were carefully studied and every effort made to improve upon and anticipate them. Practice mobilizations on a large scale were sometimes held and occasioned a good deal of nervousness in neighboring countries. No pains were considered too great if they would secure an initial advantage of a few days, or even hours, and in some countries there was provision for a so-called "preparatory period," during which certain preliminary measures might be taken, short of technical mobilization. The military leaders and statesmen of the Central Powers believed that efficient organization might offset the numerical superiority of the Triple Entente.

In these circumstances, the General Staff officer responsible for military preparations was likely to be peculiarly sensitive to the dangers which appeared to threaten at a time of crisis. He came to be a curious combination of pessimism and optimism. Trained to search for difficulties, and seeing them in many cases where they did not exist, he became almost morbid in his sensitiveness to the dangers involved in the counter-preparations of some rival General Staff. He was an optimist, however, in the sense that he believed that if his advice were followed to the letter all would be well. He also manifested a tendency to assume in advance a certain diplomatic and military situation and, reasoning from that premise, to conclude that in a crisis but one solution was possible, namely, the one he had worked out to fit the assumed case. This will explain why at times the General Staff urged its views upon the civil authorities with such insistence. Thus the importance of speed in the initial stages of military operations, together with the attitude of the

responsible military authorities, tended greatly to increase the tension between two States, or combinations of States, of fairly equal power whenever there was serious diplomatic friction, though on the other hand it may be noted in passing that Wilhelm Marx, discussing the question of Germany's war responsibility, comes to the very different conclusion that a balance of power is one of the surest guarantees of peace. (*Foreign Affairs*, January, 1926, page 180.)

MILITARY PRESSURE

Russia, Germany and Great Britain afford the best illustrations of these tendencies, revealing as they do the pressure of military considerations, even assuming the absence of any aggressive intent. This does not mean, however, that France and Austria before the war were not subject to the same "militaristic" influences as the other nations of Europe. Four serious charges have been brought against Russia with respect to her conduct during the crisis of 1914: (1) It has been asserted that she acted prematurely in mobilizing against Austria; (2) She has been blamed for shifting from partial mobilization, against Austria, to general mobilization, including Germany; (3) She has been censured for refusing to halt her mobilization under pressure from Germany. (4) It has been asserted that she took secret steps amounting to mobilization before the formal decree was issued.

An analysis of the first charge would raise the whole question of the immediate diplomatic responsibility for the outbreak of the war, which is beyond the scope of this discussion. The reasons for the change from partial to general mobilization, however, involve certain purely military considerations. Sergei Dobrorolsky, chief of the mobilization section of the Russian General Staff, has explained them in detail. (See his articles, "The Mobilization of the Russian Army in 1914," published in the *Revue d'Histoire de la Guerre Mondiale*, April and July, 1923.) It should be stated first of all that the military authorities in Russia were bitterly opposed from the start to any partial mobilization. They assumed that in view of the nature of the Triple Alliance a Russian

attack on Austria would be followed by German intervention, which would necessitate general mobilization sooner or later in any event. They asserted that the carrying out of a partial mobilization would, for technical reasons, make a subsequent general mobilization extremely difficult. The decree for partial mobilization, issued on July 29, applied to the districts of Odessa, Kiev, Moscow and Kazan. Mobilization of the Warsaw district would have involved a direct threat to Germany, so that district was omitted. But a glance at the map reveals the fact that the Warsaw district also adjoined the Austrian frontier.

Consider the dilemma of Russia, if only a partial mobilization were carried out. No attack could be launched against Austria through Galicia from the North, but so long as the Warsaw district was undefended, Austria might easily launch an attack from Galicia against the Polish salient. From the military standpoint such a state of affairs was intolerable. Furthermore, Russian military authorities have asserted that the plans drawn up before 1914 had never contemplated the possibility of a struggle against Austria alone, and that the partial mobilization threatened to disarrange their entire plan of concentration. Perhaps the Russian General Staff should have made arrangements conforming to more than one diplomatic contingency, but we are considering only the situation which actually existed. As a matter of fact, the general decree was issued on July 30, before the partial mobilization had proceeded far enough to cause any serious difficulty.

To the assertion that she should have halted her mobilization in the face of subsequent representations from Germany, Russia replied that to have done so would have rendered her impotent in a military sense for weeks to come and would have meant yielding everything involved in the dispute with Austria. The Russian claim must probably be conceded on purely technical grounds.

Finally, it was asserted that Russia had acted in bad faith by making secret preparations before the issuing of the mobilization decree. The dispatches in the Kautsky documents, from the German archives,

contain innumerable reports from Russia to the effect that such preparations were in progress before July 30. Russian officials admitted that mistakes might have been made by overzealous persons, though they naturally tried to minimize the importance of such "incidents." Though certain steps were permissible during the preparatory period already described, the inevitable misunderstandings arising therefrom served to increase the tension at a time when it was essential that calmness and reason should prevail. Similar reports were circulated in Germany with regard to alleged military preparations on the part of France.

MOBILIZATION WITHOUT WAR

Throughout the negotiations which led up to the break, Russia repeatedly asserted that mobilization on her part did not mean war. It certainly did not, so far as she was concerned. She could desire nothing more than time in which to complete her preparations, since with her mobilization was a much more lengthy process than in the case of Germany. No immediate aggressive move need have been expected from her.

Let us next consider the German case. As proof of the charge that Germany was a "militaristic" nation, the principal accusations which have been brought against Germany are: (1) That she showed unnecessary haste in sending the ultimatums to Russia and France, thereby precipitating war; and (2) That her statesmen were dominated by the militarists. Professor C. W. C. Oman makes the former charge in his *Outbreak of the War of 1914-18*: "Germany had, no doubt, valid reasons for mobilizing when Russia had done so. But for making mobilization tantamount to war there was no excuse, except the military one that Germany had a valuable asset in her power of quick concentration, which would only be available if she broke off all negotiations at the same moment at which she assembled her army. This subordination of all other political ends to the desire to utilize a strategic advance is the true mark of a 'militaristic' State. The last chance of preserving peace for Europe, now that Austria had shown signs at last of yielding, and that Russia was eager to

continue negotiations, was sacrificed, in order that the German General Staff might gain a few days—a gain which, after the consequent war had been going on for four years, must have seemed to those who got it a sufficiently negligible quantity."

In order to understand the German point of view it must be recalled that the whole plan of campaign assumed a war upon two fronts. Swift mobilization followed by immediate attack, was an essential part of this plan. Years had been required for the working out of the details and it was a physical impossibility to alter them on a few days' notice. The German military authorities firmly believed that delay, in the face of continued Russian mobilization, meant defeat or an abandonment of Germany's entire diplomatic position. In other words, the Germans regarded delay just as the Russians regarded the demand that they halt or discontinue their mobilization. The charge that German statesmen were dominated by the militarists, involves many perplexing questions, which cannot be considered here. It is important to remember in this connection what has been said concerning the attitude of the responsible military authorities at such a time—an attitude which can be understood, even if it cannot always be excused.

The utter helplessness of German statesmen in the face of the war cloud which was gathering is tragically revealed in the protocol of a session of the Royal Prussian Ministry of State held in Berlin on July 30 (Kautsky Documents, No. 456). The session was presided over by the President, von Bethmann-Hollweg, and was attended by various Ministers of State, including von Tirpitz and von Falkenhayn. The military authorities were strongly urging that in view of Russia's preparations, there should be decreed a "state of threatening danger of war (*drohende Kriegsgefahr*)". Bethmann was strongly opposed, because of the implications of such a decree, which must inevitably be followed by mobilization. But the futility of his attempt to maintain peace is revealed in the following extract from the protocol: "The President laid final emphasis on the fact that all Governments, including that of Russia, and the great majority of the peoples, were peaceable them-

selves, but control had been lost, and the stone had started rolling. As a politician he would not yet give up his hope nor his efforts to maintain peace, as long as his démarche at Vienna had not been repelled."

BRITISH WAR PLANS

Great Britain, has not, as a rule, been included among the "militaristic" States. Her insular position and her dependence upon sea power, rather than a huge army, are supposed to have saved her from the material and spiritual evils of militarism. Her peculiar position in this respect has been recently reflected at Geneva in certain fundamental disagreements with France, whose military establishment is of the continental type, with emphasis upon a large army and trained reserve. The British peace army, as every one knows, was very small, the original expeditionary force having been only somewhere in the neighborhood of 150,000 men. The force, small though it may have been, was the very last word in efficiency, training and organization. Taking into consideration its size, it is doubtful whether any continental army was more thoroughly and efficiently prepared for war, owing to years of careful planning by the British General Staff. There had been strong pressure for a much larger army, but it was felt that England, in view of her insular position, would do better to concentrate her resources on the navy. The Committee of Imperial Defence had been created in 1904 to make plans for a possible war and to coordinate the preparations of the army and the navy. The steps to be taken in the event of hostilities had been worked out in the minutest detail and incorporated in the famous "War Book." (See Viscount Haldane, *Before the War*, page 164.) The work was done by the Committee of Imperial Defence and its subcommittees corresponded very closely to that of the German General Staff.

Great Britain's naval preparations were based upon the assumption that Germany was her most dangerous potential foe. Bases were shifted from the English Channel to the North Sea, and before the war a large part of the Mediterranean fleet was withdrawn from its station and united with the fleet in home waters. In naval

warfare the possible consequences of surprise are more dangerous and irremediable even than on land. The Admiralty, during the years of preparation preceding 1914, took every possible precaution against a surprise attack by Germany. The spirit underlying the English preparations is tersely stated in Winston Churchill's *World Crisis, 1911-14* (page 150): "It was ruled by the Committee of Imperial Defence, after grave debate, that the Admiralty must not assume that if it made the difference between victory and defeat Germany would stop short of an attack on the fleet in full peace without warning or pretext." There was provision for the inauguration of a precautionary period at a time of crisis similar to the arrangements which have been noted in the case of the Continental powers. The dispatch of a brief "war telegram" to the navy served to effect the transition from peace to a state of hostilities. In the Fall of 1913 Mr. Churchill as First Lord of the Admiralty recommended the holding of a test mobilization, and it is one of the strange coincidences of history that this test mobilization began on July 15, 1914, slightly more than a week before the dispatch of the Austrian ultimatum to Serbia. All these measures are reminiscent of the Continental system which has already been described.

Mr. Churchill's account of the preparations of the British Admiralty during the crisis of 1914 reveals in every word the sense of heavy responsibility under which he labored, a feeling which he expressed in the following words, in the book already quoted (page 200): "My own part in these events was a very simple one. It was, first of all, to make sure that the diplomatic situation did not get ahead of the naval situation, and that the Grand Fleet should be in its war station before Germany could know whether or not we should be in the war, and therefore if possible before we had decided ourselves."

NAVY CHIEFS' INITIATIVE

As early as July 26 it was decided that the fleet, already assembled for review at Portland, should be kept together, awaiting developments. Mr. Churchill was also of the opinion that the fleet ought imme-

dately to proceed to its war station in the North Sea, a view with which the First Sea Lord and Chief of Staff were in hearty accord. He hesitated, however, to submit the proposal to the full Cabinet lest they disapprove it on the ground that Germany might regard it as provocative. So he compromised by mentioning the matter informally to the Prime Minister, who expressed his approval. On the night of July 29-30 the fleet steamed from Portland through the Strait of Dover on the way to its war base at Scapa Flow and Mr. Churchill and his colleagues breathed more freely. Mr. Churchill states that the German Ambassador complained to the Foreign Office (page 213) of this move, but was assured that it was free from all offensive character. The Kautsky documents contain no reference to the matter.

The tension continued to increase and at a Cabinet meeting on Aug. 1 the First Lord of the Admiralty requested authority to order a general mobilization of the navy, which would involve calling out the fleet reserves and completing other preparations. The Cabinet decided against the proposal. On the evening of the same day came news of Germany's declaration of war against Russia, whereupon Mr. Churchill decided to order mobilization of the fleet upon his own responsibility. The remainder of the incident is best told in his own words: "I went back to the Admiralty and gave forthwith the order to mobilize. We had no legal authority for calling up the Naval Reserves, as no proclamation had been submitted to his Majesty in view of the Cabinet decision, but we were quite sure that the fleet men would unquestioningly obey the summons. This action was ratified by the Cabinet on Sunday morning [Aug. 2] and the royal proclamation was issued some hours later." (*The World Crisis, 1911-14*, page 217.)

What conclusions is it possible to draw from this brief analysis of the military situation on the eve of the World War? In the first place, one cannot but feel an increasing sense of the futility of all diplomatic negotiations in the face of the gathering momentum of the great military machines which the crisis had set in motion. Speed as an element of strategy

was in itself a factor of decisive importance. The military authorities tended to anticipate the action of the diplomats, with the result that there was engendered an atmosphere of mutual suspicion which made it impossible to discuss the situation with calmness and good temper. There was also grave danger of accident, due to overzealous action, which might at any moment precipitate hostilities. Once mobilization was decreed and the military machines were in motion it was practically impossible, for technical reasons, to halt the process. There is ample testimony from the lips of the statesmen that they felt the powerlessness of their situation.

The responsible military authorities everywhere were oppressed by a sense of responsibility, which led them to exert pressure upon statesmen and diplomats, and which in some cases resulted even in their acting upon their own initiative. In such an atmosphere there was danger that the simplest request for assurances by one nation from another might be interpreted as a threat, thus adding fuel to the mounting flames of passion and distrust. A more sinister tendency is revealed in the fact that in some cases military authorities in time of peace had made plans which were adapted to their own conception of what the diplomatic or political situation might be at a time of crisis, and without reference to any possible alternative. They then proceeded to demand a certain course of action on the ground of technical military necessity.

Militarism in its true sense is not es-

sentially different today from what it was in 1914, and its influence is felt in every nation which is in any way concerned with the problem of defense. Certainly its spirit has been in evidence in the discussions of the Preparatory Commission at Geneva. It is clear from what has been said that any attempt to secure permanent peace must take into account at least three factors, besides mere size of armaments. In the first place, reduction may lead to the formation of plans intended to secure a maximum of efficiency in the reduced establishment, thus actually aggravating the danger at a time of crisis. An effort must be made to avoid the creation of military machines, of whatever size, subject to no law but necessity and no control but their own momentum. In the second place, there must be some means of subordinating expert military opinion to civil authority. This is one of the most difficult problems faced by modern civilized Governments. Thirdly, the entire diplomatic and political system connoted by the phrase "balance of power" must be destroyed. The League of Nations is working constantly toward this end. But before these things can be accomplished the world must cease to discuss militarism, whether historically or as a present problem, in terms of the prejudice and passion which prevailed in 1914, and consider the subject objectively and in the true scientific spirit of disinterestedness. Only by thus revealing the real dangers of militarism will it ever be possible to avoid a recurrence of the disaster of 1914.



Moltke, the Man Who Made the War

By RICHARD GRELLING

Author of *J'Accuse*, *The Crime, Belgian Documents* and many other works on the question of War Guilt

"Who rules in Germany, Moltke or Bethmann?"—BERCHTOLD, July 31, 1914.

THE Bavarian archives, which have already furnished us with such rich material for the elucidation of the war guilt question, contain, in addition to the reports of civil officers (ambassadors, envoys, and the like), reports of Bavarian military plenipotentiaries which are of great interest in this connection. These military reports, like the official documents of the former Prussian War Ministry, the Imperial Naval Office, the General Staff and the Admiralty, on account of the "brief time," as the publishers of the collected German documents express it in their preliminary remarks, could not be published simultaneously with the diplomatic documents, in November, 1919, but were brought to light, little by little, during the next five years, to suit the purposes of the German "apostles of innocence." Indeed, we do not know, even today, what valuable material still slumbers in the archives of the military and naval authorities in Berlin (if it has not already been made away with as a precautionary measure), but even so, by the testimony of the diplomatic documents of the various countries, in particular those of Germany and Austria-Hungary, by the memoirs of statesmen, and other such sources, we are placed in a position to point with such certainty to the decisive influence of the German General Staff, the War Ministry, and particularly the military entourage of Emperor Wilhelm in causing the World War, that for the unprejudiced investigator no doubt remains of the correctness of the following theories:

1. The war party at the German court willed the European war in 1914, worked for it and consciously caused it.

2. The Civil Government, in particular Chancellor Bethmann-Hollweg, wished, to begin with, only the Austro-Serbian war, but consciously took the risk of a European war as a possible result into the bargain; eventually they completely submitted to the pressure of the military party and debased

themselves as drudges of the generals who were eager for a European war.

3. The forces driving toward war were the military; the civilians were driven into it.

It is impossible in a limited space to cite the countless proofs in confirmation of these theories. The reports from Berlin of the Bavarian Embassy (Documents, Vol. IV, pp. 123-158), which contain the most serious charges against Moltke, taken with Conrad's memoirs of 1909 and 1914, complete a picture of Moltke that reveals this "nature inclined toward pessimism, almost toward pacifism" (Montgelas in the "White Book" of 1921, page 54) as the crassest type of military preventionist, who cold-bloodedly caused a war which was, in his opinion, unavoidable, because at a given moment he believed himself in a position of military advantage.

The antagonism between Bethmann and Moltke, which is apparent to the critical reader in many parts of the collection of German official documents of 1919, is made particularly clear through a piece of writing from the Bavarian archives, first brought to light by the pacifist journal *Die Menschheit*—a letter of the Bavarian military plenipotentiary in Berlin to the Minister of War in Munich under date of July 29, 1914, the pertinent parts of which are here reproduced:

Berlin-Halensee, July 29, 1914.

Kurfürstendamm, 136/11.

No. 2637.

K. B. Military Plenipotentiary in Berlin,
Political Situation and Military Measures.

According to my present impression, the War Ministry and the General Staff, on the one side, the Chancellor and the Minister of Foreign Affairs, on the other, oppose each other here. They are united on one point only, depression because Austria has conducted her preparatory measures so ineffectually that fourteen days must still elapse before the opening of operations.

The Minister of War, supported by the Chief of the General Staff, urgently desires military measures, such as the "tense political situation" and the "threat of war" demand. The Chief of the General Staff would go even further. He is

bending his entire influence to the end that the unusually favorable conditions be utilized for an aggressive move. - He points to the fact that France is at present in a position of military embarrassment, that Russia feels herself none too secure from a military standpoint; in addition the time of year is favorable, with the harvest in large part gathered and the year's development completed. * * *

Against these driving forces the Chancellor applies the brake with all his might, and wishes to avoid everything that could lead to similar steps being taken in France or England, which would start the stone rolling. * * *

Only with great effort did the Minister of War succeed yesterday in getting the agreement of the Chancellor to the recall of all the troops to the stations; he succeeded only by indicating that a similar measure is being taken by France. The recall of all officers on leave and soldiers on leave on account of harvest was refused by the Chancellor; the Chancellor has purposely entreated important chiefs to remain absent on leave, for example, his Excellency Von Tirpitz, Delbrueck and others. The War Ministry recalled all of the most important officers of the General Staff yesterday. * * * The recall of all troops from the drill grounds has already been ordered by telegraph to the War Ministries of the allied nations; in the same way further preparations of a similar nature will be made known direct. That until further notice no troops will be allowed to leave their stations goes without saying.

The parts of the report that have been omitted here contain the rendering, in the form of an extract, of a portrayal of the situation on July 27, such as the General Staff, from this day on, regularly gave out. Most striking is the report of the General Staff of July 27, which the Bavarian military plenipotentiary reproduces, and which is not contained in the collection of German official documents, the latter only beginning with the report of the General Staff of July 29 (D 372).* The reasons for this omission in the collection of documents are unknown. May not perhaps this passage relating to France have served as a standard? "Paris completely quiet. Press unusually moderate. No sign of mobilization." For us not the report of the General Staff of July 27, but the portrayal of the currents and counter-currents in the civil Government and the military party is of particular interest.

One pictures vividly the political situation on July 29 when Moltke "exerted his entire influence that the unusually favorable conditions be utilized for an aggressive move." An aggressive move not only on the part of Austria against Serbia, as the defenders of our innocence untiringly, day by day, year by year are striving to prove and so excuse us. No—an aggressive move by Germany, Austria-Hungary and the hoped-for allies, Rumania, Bulgaria, Italy, Turkey, Sweden and so forth, against France, which was "at the moment in a position of military embarrassment," and against Russia, "who felt herself none too secure from a military standpoint." What little importance Moltke attached to the possibility of England as an eventual antagonist—a possibility, moreover, considered extremely remote on the grounds of the alleged neutrality agreement of King George, brought over by Prince Henry—we learn from the memoirs of Tirpitz. To the warnings of the great Admiral against an undervaluation of the strength of the British Army, "which in a certain measure consists only of sergeants," Moltke's contemptuous answer was, "We will arrest them." On another occasion he replied to a similar warning: "The more English, the better." (Tirpitz, pp. 251 and 457). The Admiral adds to his story of Moltke's blindness the now famous sentence, "The blunders which led us into war were not only political but also military."

The damaging evidence of the documents already quoted is only strengthened by the complete agreement of the thoughts and strivings attributed to the Chief of the General Staff with the utterances of Moltke, which Lerchenfeld, the Bavarian Ambassador, reports verbatim. Witness a letter from Lerchenfeld to Hertling, President of the Ministry, under date of July 31 (D IV, page 151):

In military circles here the best spirit prevails. Months ago the Chief of the General Staff, von Moltke, expressed the opinion that the moment was so favorable, from a military viewpoint, that he could not imagine a more favorable one recurring in any conceivable space of time. The reasons which he gives are as follows: (1) Superiority of the German artillery. France and Russia have no howitzers and therefore could not oppose troops in a concealed position with vertical fire; (2) superiority of the German infantry

*D stands for the German collection of documents. A for the collection of Austrian official documents of 1919.

equipment; (3) insufficient training of the French troops because of the rule of two-year service for the cavalry, and the simultaneous calling out of two classes of the same year in all arms of the service because of the return to the three-year service period, on account of which the training must have suffered.

One notices particularly the fact that Moltke "months ago," that is to say, long before the murder of the Austrian heir-apparent, purposed a preventive war on grounds of military expediency alone, and in view of the inferiority of France and Russia had already wound the victor's laurel about his intellectual brow. Montgelas, whose campaign to prove Germany's innocence is upset by these and other trumpeting of his former chief, seeks here a way out of the dilemma which does not involve more or less dishonesty for himself, the former accuser of and present apologist for the German powers. He attributes such utterances by Moltke to the line of conduct prescribed for a Chief of the General Staff, who, "once events had come to the point of war, must keep his personal opinions to himself." Montgelas forgets that the accused to whose defense he rushes, "months ago" and not only when war was inevitable, had given utterance to his hopes of victory. Moreover, Montgelas himself, that is, the Montgelas of 1918, the accuser, who had not yet received the divine revelation of German guiltlessness, is a classic witness to the fact that the war of 1914 was a preventive war willed and purposely caused by the German military party. What appears, indeed, in the hand-written notes which the General, Count Montgelas, then in Switzerland, furnished me, who shared his opinions and brought the same charges, in order to strengthen the conclusive force of my writings (see my publication in the *Neuer Schweizer Zeitung* for Nov. 11, 14 and 18, 1919)? "The war was certainly not a defensive war and also from the beginning not a war of imperial conquest, but a war of prevention." "The war conceived on July 5 as a preventive war had already become in September, 1914, a war of conquest." In confirmation of this theory that the resolve for a preventive war had already penetrated to "influential circles" after the two Balkan wars, the then pacifist General pro-

duces, besides "grounds for suspicion" and "incontrovertible proofs" also "personal observations," which weigh the more heavily since Count Montgelas, as he himself affirms in the famous *Viermaennerschift* of Versailles on May 27, 1919, was for two years the immediate subordinate of Moltke on the General Staff.

PREVENTIVE WAR IDEA

Of all the various utterances of Moltke as to the chances of victory, I shall quote here only those given in a letter from Lerchenfeld to Herting on Aug. 5, 1914 (D IV, p 157) :

He points to the certain fact that Russia, France and England had decided upon an offensive war against Germany for the year 1917 and were preparing for it. Moltke considers Russia the manager of the deal. One can view it as fortunate that the Sarajevo murder exploded the mine laid by the three powers at a time when Russia was not prepared and the French Army was in a period of transition. Facing the three powers completely prepared, Germany would have found herself in a dangerous position.

One can hardly find a clearer expression of the basic idea of the preventive war than as it is here given by Moltke.

Conrad von Hoetzendorf was absolutely a fanatic on the preventive war concept, although with the limitation that he wished to destroy only the smaller opponents of the monarchy, which were in his opinion irreconcilable, in order to avoid in this way a coalition of forces against which Austria-Hungary could not survive. So in 1907 he urged an attack on Italy, and in 1909 in connection with the Bosnian crisis, action against Serbia. He was indeed ready—in the earlier years as well as in the Summer of 1914—to risk a European conflagration as the result of his war against uncomfortable neighbors, but nowhere in his memoirs is it evident that he directly wished or strove for a war of the European nations or a World War, or even plotted it. The desire for a war of the great powers was reserved for the German militarists, and Austria-Hungary at the end followed them only unwillingly and hesitatingly along this fateful way. Characteristic in this connection—not to speak of many other instances—is the exchange of telegrams between Wilhelm and Franz Josef on July 31 and Aug. 1 (D 503, 601),

in which Wilhelm gives notice of his decision "to begin war against France and Russia immediately," and Franz Josef, *nolens volens*, follows the German initiative.

Characteristic is also the quarrel between Bethmann and Berchtold over the motive which should be given in the Austrian declaration of war against Russia which was sent on Aug. 5. Berchtold originally wished only to bring forward the alleged Russian "attack" on Germany as a reason for Austria's declaring war in her capacity of ally. Since Bethmann energetically remonstrated, Berchtold finally allowed the "threatening attitude" of Russia toward Austria-Hungary to be mentioned also in the declaration, although he, as Austrian Foreign Minister, on July 31, had explained in a circular dispatched to the various embassies that the mobilization of Russia and of Austria-Hungary would in no way hinder "the continuance of the former good neighborly relations" and of friendly communication between the respective Cabinets in Vienna and St. Petersburg (A III, page 78). The gentlemen of the Ballplatz were to such an extent mistrustful of those legends concerning the Russian invasion, which had been broadcast from Berlin, that Berchtold cautiously added to the allusion in question in his declaration of war the words "according to a communication of the Berlin Cabinet." Berlin had indeed—hardly believable, but true—sought to make all the world and even her allies believe that the state of war between Germany and Russia was brought about, not through a German declaration of war, but through a hostile invasion by the Russian army. On Aug. 2, at 3 o'clock in the morning—that is fourteen hours after the sending of the declaration from Berlin to St. Petersburg and about eight hours after its presentation—the Austrian Ambassador, Szögyény, announced to Berchtold that Russian troops had crossed the German border, and that "Germany therefore considers herself at war with Russia. On the part of Germany no further declaration of war will follow."

VON JAGOW'S DECEPTION

Originator of this deception of the Austrian Ambassador was State Secretary von

Jagow, who naturally will explain Szögény's announcement, as well as the famous Ambassador's report of July 27 (A II, page 68) as a "little misunderstanding." Not only Berchtold, but also Conrad viewed the announcement of the Russian invasion with mistrust, since on the Austro-Russian border nothing of the sort had happened. He asked Moltke on the morning of Aug. 2 "if and when a declaration of war had gone from Germany to Russia" and received the evasive answer of the German Chief of the General Staff, "that Germany had been in a state of war with Russia since the opening of hostilities by Russia on Aug. 1" (Conrad IV, page 317). In Berlin, there was terrible anxiety, as we learn from Tirpitz's memoirs, because of the possibility that Austria might "draw back" at the last moment and thus force Germany to an immediate conclusion of peace. This anxiety makes clear the circumspect concealment of the fact that the war was caused not by a Russian attack, but through a German declaration of war. (For confirmation of all this, see the German Documents 503, 601, 772, 814; Austrian Documents III, 81 B, 101, 102.)

Not only through her diplomatic relations, but also through her military connections was Austria driven into the "great war," as the Chiefs of the General Staffs, Conrad and Moltke, call it in their correspondence. It would be going too far here to go into the difficulties which ensued for the Austrian General Staff because it had ordered far greater bodies of troops to the South than were intended there in the contingency of the great war. Conrad, in various places in his memoirs, makes bitter complaints that his mobilization plans already prepared and partially carried out were thrown into disorder "when the great war was unchained by Germany's desire for a definition of position." (See Conrad IV, p. 323). The hesitation until July 30 to make "this desired definition of position" goes back to the antagonism between the Bethmann civil Government and the war party led by Moltke, which only in the course of the day, July 30, gradually won over the weak opposition and on July 31 caused a complete capitulation by the Chancellor. Also tactful consideration for his ally who was

intent only on the Serbian war, and to whom the great war appeared only as a possible unpleasant result of the local war, but not as a conscious purpose, may have impelled the German Chief of Staff to lay his cards openly on the table only at the latest possible moment.

The war program of Moltke is revealed with all possible clearness in his letters to Conrad in 1909 and again in his report to the Chancellor on the "political situation" under date of July 29, 1914 (D 349). Moltke required two factors to bring about the European war with certainty—the invasion of Serbia by Austria and the reply to the Russian partial mobilization, undertaken as protest against this act, by a general mobilization of Austria. The meaning of the march into Serbia is implied in Moltke's letter to Conrad of Jan. 21, 1909 (Conrad, Vol. I, page 380), in the following words: "I believe that only the invasion of Serbia by Austria can result in an eventual active interference by Russia. This would be the *casus foederis* for Germany." In his letter of Feb. 24, 1909 (Conrad I, page 395), Moltke goes still further: even a Russian régime opposed to war would "be forced into the adoption of an active policy by a Pan-Slavic movement of the Russian peoples * * * if Austria invaded Serbia." Thus Moltke in 1909. But in the Summer of 1914, according to the lying statements of Wilhelm, Bethmann and Moltke, the localizing of an Austro-Serbian war and the absolute passivity of Russia were possible! Consider also Moltke's confidential communications to Conrad under date of Sept. 14, 1909, five months after the peaceful settlement of the Bosnian crisis as a result of the capitulation of Russia and Serbia:

In this would have lain an extremely important guarantee for the successful carrying through of joint operations, if the contingency of war had entered in, as to which we had come to an understanding. * * * In these private communications I may say openly, that I, in company with your Excellency, regret deeply that an opportunity has gone by without being utilized, which may not soon present itself again under such beneficent circumstances. * * * However, Excellency, let us look hopefully toward the future.

AUSTRIA'S PART

In his political report of July 29, 1914,

to the Chancellor, already mentioned above (D 349), Moltke speaks of the "punitive expedition" of Austria against Serbia, which Russia—confirming Moltke's prophecies in 1909—will answer with the mobilization of the military districts of Kiev, Moscow and Odessa; Austria, which has thus far only mobilized eight corps against Serbia, will and must then mobilize the other half of her army. "But in the moment, when Austria mobilizes her entire army, a conflict between Russia and Austria will be unavoidable. That, however, is the *casus foederis* for Germany. Germany, if a conflict between Russia and Austria is unavoidable, will mobilize, and be ready to wage war on two fronts." We notice that already on July 29, when only the Austrian declaration of war on Serbia and the Russian partial mobilization had occurred, Moltke considers the European war "unavoidable"—so unavoidable that it could only be stopped by "a miracle." The wish was indeed here father to the thought. I repeat, on July 29, twenty-four hours after the Most Gracious Lord of Moltke had written after reading the Serbian note that it is a "capitulation of the most humble sort," causing every reason for war to disappear, that he, Wilhelm, in view of such a "great moral victory," would neither have recalled his Ambassador nor even ordered mobilization (D 271, 293). These and countless other contradictions in the behavior of the Berlin authorities toward one another, find their only, but still sufficient, explanation in the contrary strivings of the Kaiser's civil and military advisers.

On the same day on which Moltke sent his report of the situation to the Chancellor the famous conference of the Emperor with the civil and military heads took place in Potsdam. Moltke took this opportunity to spring all his mines, in order to carry out the German mobilization and the sending of an ultimatum to Russia, merely on account of the Russian partial mobilization against Austria. Delbrueck, to whom we owe the interesting glimpse into the secret of the Potsdam conference, adds, as a seeming excuse for Moltke, that he acted thus "not because he wished war, but because he saw its inevitability and considered immediate action the only way of

salvation." (See Delbrueck, Kautsky and Harden, p. 21, and *Deutsch-Englische Schulddiskussion*, p. 16.) Delbrueck even goes on to say that the proposals of the General Staff which were adopted in the Potsdam conference of July 29 were for "immediate war." Bethmann, in his famous speech of July 30 before the Council of Ministers which attacked the German war party most bitterly (D 456), goes indeed still further than Delbrueck, since he represents the declaration of the "threatening danger of war" as the prelude of the war which inevitably followed: "Declaration of threatening war danger means mobilization and this under prevailing circumstances—mobilization on two sides—means war." Bethmann admits in the same speech that the wish has been expressed on the part of the military to declare the "threatening danger of war." Thus it is admitted that the war party in the Potsdam conference pleaded for war on the afternoon of July 29, when only the news of the Russian partial mobilization against Austria had been received and when there was yet no talk of a general mobilization of Russia.

If the military party did not attain any decisive success in the Potsdam conference, this only spurred them on, in the following hours and days, to bring more potent machinations and stronger influences to bear on the always vacillating Emperor. In this province falls among other things the report of the German general mobilization published in the local papers, which, no matter whether it influenced the Czar's decision or could still influence it, at least on the part of the military party was intended to force the Russians to order a general mobilization first, and thus hasten the German decision to mobilize, which for Germany would be synonymous with declaring war. Apart from this, even without the Russian general mobilization which seemingly set the stone rolling, the war which had been worked for by Moltke and his tools, this preventative war on grounds of military expediency, would have been begun; since, indeed, the Russian general mobilization was not the cause but the pretext for war.

Lerchenfeld, the Bavarian Ambassador, in a report of July 31, states as a fact the

opinion prevailing in influential Berlin circles, "that after Russia has taken the step of partial mobilization, the World War can no longer be prevented." (D IV, page 149.) This tallies exactly with the war plot program drawn up by Moltke in his letters of 1909 and in his exposé of July 29, 1914 (D 349).

REVEALING TELEGRAMS

To the already familiar proofs of the theses above, in large part originating in the Bavarian archives, are added the especially important documents in the fourth volume of Conrad's Memoirs, pages 148-156. They relate to a direct exchange of telegrams taking place on July 30 and 31 between the Chiefs of the General Staffs, Moltke and Conrad, from which it follows with absolute certainty that Moltke on the evening of July 31—seemingly sixteen, but at least twelve hours before the arrival of the message from the German Ambassador in St. Petersburg concerning the Russian general mobilization—already recommended most urgently to his colleague, Conrad, immediate general mobilization, assured the unconditional participation and mobilization of Germany on the ground of the *casus foederis*, and advised the refusal of the English offer of intervention which was still pending. The fact of the exchange of telegrams between the two Chiefs of the General Staff has already been familiar to the war-guilt investigator through the German and Austrian collections of official documents of 1919 (D 498, 825; A III, 34-50). The text of the telegrams, which were dispatched to Vienna partly through the agency of the Austrian Military Attaché, Bienerth, and that of Captain Fleischmann, detailed to Berlin, was first revealed to us by Conrad.

The most important of Conrad's revelations are two dispatches from Moltke which Conrad received on July 31 in the morning; one from Moltke direct, received at 7:45 A. M., the other signed by the military attaché, Bienerth, commissioned by Moltke, received in Vienna undoubtedly in the early morning of July 31. An exact statement of the time of the arrival of the telegram from Bienerth is lacking, but from the telegram from Szögény (A III, 34), which announces the "immediately"

ensuing departure of the military attaché's telegram, at 7:40 P. M., we can conclude that the latter went out from Berlin not later than the evening of July 30, and must have arrived in Vienna during the night of July 30 or the early morning of July 31. Under any circumstances it went out from Berlin at least twelve hours before the arrival of the ambassador's dispatch from St. Petersburg announcing the Russian general mobilization. (July 31, 11:40 A. M., W 473.) The decisive facts are as follows: Moltke in his personal dispatch, and that sent by Bienerth at his direction, both of which were sent from Berlin many hours before the announcement of the Russian general mobilization, (1) urges the general mobilization of Austria-Hungary, demanded as answer to the Russian partial mobilization; (2) acknowledges Germany's participation in the alliance; (3) announces the mobilization of Germany; (4) urges the refusal of mediation by England. The following is the text of the two telegrams:

TELEGRAM FROM MOLTKE TO CONRAD, received on July 31 at 7:45 A. M.:

Russian mobilization carried through; Austria-Hungary must carry out a similar move against Russia immediately. Germany will mobilize. Compel Italy to declare alliance by offering compensations.

TELEGRAM FROM THE MILITARY ATTACHE, BIENERTH, sent from Berlin July 30 in the evening, arriving in Vienna during the night:

Moltke says that he will consider the situation critical if the Austro-Hungarian Monarchy does not immediately mobilize against Russia. Through delivered declaration of Russia concerning ordered mobilization, necessity arises of counter-measures by Austria-Hungary, which would be also adduced from more open proofs. This has given occasion for a declaration of alliance by Germany. With Italy reach honorable agreement by assurance of compensation, so that Italy remains actively on the side of the Triple Alliance, indeed allows no man on the Italian border. Refuse renewed efforts by England to maintain peace. For Austria-Hungary's support the last resort carrying out of the European war. Germany unconditionally concurs.

The apologists for Germany, who are made somewhat uncomfortable by Conrad's revelations, pass by with a shyness that is easily accountable the most important point, namely the time of the sending of the Berlin telegrams, evidence that

the Russian general mobilization had no influence on the outbreak of war, and content themselves with exposing to a very mild criticism Moltke's invasion of the diplomatic proceedings (the demand for the refusal of English offers of mediation). As if Moltke's whole activity, during the whole period, from the outline of the ultimatum intended to be addressed to Belgium (July 26) to his behavior during the last days (July 29, 30 and 31) had not consisted of invasions of the civil power, of blocking weak moves for peace by the Chancellor, of efforts to create an unavoidable situation of war. Even his advice to Austria to refuse English mediation does not surprise one who knows the documents, since, from the Munich archives, we knew that on the morning of July 31, at 7:45—that is, just at the time when Moltke's telegram reached Conrad, four hours before the announcement of the Russian general mobilization—a telephone conversation between the Austrian embassy and the Bavarian Ministry of Foreign Affairs took place, the purport of which was as follows: "In influential circles in Berlin" success of the English intervention was not expected; more, they were convinced "that the undoubtedly vigorous efforts of Grey for the preservation of peace would not check the march of events." (D IV, p. 158.)

This "march of events" which is described in other places in the documents as "elemental forces" or "rolling stones" or otherwise fatalistically, was in reality something very real; it wore the uniform of a Prussian General with the raspberry red stripes of the General Staff, it sat in the Koenigsplatz and fired the fuse which was to kindle the war conflagration in the Wilhelmstrasse. The telephone conversation of the morning of July 31 is the corollary of the telegrams from Moltke to Conrad; the war was an accepted fact in Berlin and the pressure of the General Staff had attained its object long before the news of the Russian general mobilization reached the Ministry of Foreign Affairs. The directions and advice given by Moltke to Austria were measures to insure the carrying through of the decision for war in an orderly fashion, and to put Russia in the wrong, as far as was possible, in view of

the fact that only a partial mobilization had yet been undertaken by Russia. The Civil Government had capitulated. Mars ruled the hour.

INFLUENCE IN VIENNA

What influence did Moltke's efforts to incite war have upon Vienna? On July 30 at noon Conrad learned of the partial mobilization of the military districts of Russia bordering on Austria (in which Conrad erroneously counted Warsaw instead of Moscow). At 3:30 in the afternoon Conrad was called by Berchtold to confer with Franz Josef on the proposed general mobilization. Berchtold took this opportunity to show the famous note, sent by Bethmann during the night of July 29 (D 395), in which the Chancellor "urgently and emphatically commended to the consideration of the Vienna Cabinet the acceptance of Grey's proposal 'Halt in Belgrade.'" This note belongs to the last distracted attempts by Bethmann, after the failure of his efforts for an English neutrality agreement (Blue Book, 85) to bring about a peaceful settlement on the basis of Grey's proposals of mediation. The exculpators of Germany bring forward these night dispatches of Bethmann as the most important pieces of evidence for their cause. In reality they are only evidence of the conflict between the Civil Government and the military party, which in the end led to a complete victory for the latter.

Count Berchtold received the Bethmann note from the German Ambassador, who breakfasted with him on July 30, as Tschirschky reports (D 465), listened "pale and silent" to the reading of it twice, and answered that he would immediately report it to the Emperor Franz Josef. Before this report was given Conrad was summoned by the Minister of Foreign Affairs in order to have a joint conference with the Emperor, the Minister of War, Krobatin and himself. The conference led to the conclusions to continue the war against Serbia, to refuse the English offer in binding form and to order the general mobilization of the Austro-Hungarian fighting forces, the last dependent upon the outcome of the conference in the Council of Ministers set for the next day, July 31, at which the presence of the Hungarian Premier, Tisza, was expected. The Min-

isters and the Emperor himself agreed that the general mobilization in no sense would mean designs of war against Russia, but would be only a protective measure against the Russian partial mobilization. Even Conrad, who believed the continuance of the war against Serbia absolutely necessary, declared that, if the Russians committed no overt acts against the Austrians, the latter would not be obliged to act against them. "Nothing lay further from our minds," thus Conrad affirms in his memoirs, Vol. IV, p. 148, "than that during our act of self-defense against Serbia, which moreover already laid claim to strong forces, we would have yet to arm against Russia."

The opposition to a European war which prevailed in Vienna seemed to be supported by the night telegram from Bethmann (D 395) and by a dispatch from Wilhelm to Franz Josef, received at Schoenbrunn on the evening of July 30 (D 437). This dispatch also spoke of the "Halt in Belgrade," but was of a weaker tone than the Chancellor's dispatch of the preceding night; Wilhelm declared that "he did not believe himself able to refuse a personal request from the Czar for intervention for peace," he asked Franz Josef for the earliest possible decision, but avoided any recommendation or advocacy of the English offer. No wonder that Emperor as well as Chancellor, with their weak declarations, found no audience in Vienna, particularly since Bethmann and Jagow by various previous messages had awakened the well-founded suspicion that they were less interested in a peaceful settlement of the question than in putting the blame on Russia and preserving the neutrality of England. But the dispatches from the Emperor and Chancellor did have this effect in Vienna, that a "withdrawal" by Wilhelm was considered possible, in view of the desertion of Italy and the doubtful stand of England.

Into this situation burst the dispatches from Moltke of the evening of July 30, with which Conrad immediately, on the morning of July 31, went to Krobatin, the War Minister, and with him in turn to Count Berchtold, finding there Tisza, Sturkh and Burian. The insoluble contradiction between the instructions from Bethmann to Tschirschky and the telegrams

from Moltke to Conrad caused Berchtold to exclaim, "Who rules, Moltke or Bethmann?" Berchtold then explained to those present the reason for the meeting: "I called you here because I had the impression that Germany was withdrawing; now I have the most calming declaration from the most influential military quarter." After this communication by Berchtold, the decision immediately followed, according to Conrad's account, to ask his Majesty to give the order for general mobilization. The War Minister went to the War Office to get the signature of Franz Josef; the signed order was received at 12:23 P. M. at the Ministry of War and was immediately given out. The mobilization was announced to the foreign powers by Berchtold, with the explicit assurance, already mentioned above, that it was of purely defensive character, that no aggressive intentions were entertained against Russia, and that the continuance of the former friendly relations toward Russia on the part of Austria, and the "conversations concerning the situation" between both Cabinets (A III, 78) were desired. After the completion of the conference with Conrad and the others Berchtold went to the session of the Council of Ministers, which was to consider the English offer of intervention and the compensations to be guaranteed to Italy.

The unanimous decision of the Austro-Hungarian Ministers substantially confirmed the result of the conference with the Emperor during the afternoon of July 30: continuance of the war against Serbia; avoidance of acceptance of the English offer "with consideration of its merits," but in the form of a seeming willingness to meet it; demand that the Russian mobilization be stopped (A III, 65-79). All the Ministers present agreed that their decision was a smooth refusal of the English mediation offers, of which the essential point—restraint of the Austrian war operations on Serbian soil and the keeping of certain territorial agreements during the pending intervention by other powers—did not coincide with the Austrian desire for unrestrained continuance of war.

Thus, by the afternoon of July 31—the Ministerial Council also had taken place in the morning—everything was carried out which Moltke had so urgently de-

manded in his telegrams to Conrad. The general mobilization, already decided upon on the afternoon of July 30 in the small circle that met with the Emperor, was confirmed on the morning of July 31 in the presence of Count Tisza in a larger circle, and the English offer of mediation "for the preservation of peace" according to the wishes of Moltke was refused "with consideration of its merits."

The fact of the Austrian general mobilization had already been reported by telegraph from Conrad to Moltke and from Berchtold to Bethmann at 8 o'clock in the morning—that is, before the confirming decision of the morning conference with Berchtold—solely on the ground of the Emperor's decision of the afternoon of July 30 (D 498, 825; A III, 50). From the remark in Conrad's telegram, "Please inform us of the first day of mobilization there," one could conclude—even before the appearance of the fourth volume of Conrad's memoirs—that Moltke, simultaneously with the demand for the Austrian mobilization, must have announced the German mobilization. Today we find this deduction confirmed by Moltke's telegram of July 30. It was then already agreed in the earliest morning hours of July 31 between the allied empires that both were resolved upon general mobilization, before they had yet learned of the Russian general mobilization. In spite of this it is said that Russia was the culprit that began the war! To build up this house of cards, Montgelas and his colleagues bring daily new building materials—reckonings of hours and minutes concerning the exact moment of the decision of the Czar to order general mobilization and so forth, materials which crumble before these unshakeable facts:

IRREFUTABLE FACTS

1. That Emperor Franz Josef, on the same afternoon of July 30 on which the Czar made the final decision for general mobilization, made the same decision for Austria-Hungary;
2. That both decisions were independent of one another and were arrived at without knowledge of one another;
3. That the German general mobilization was already decided upon on the evening of July 30, more than twelve hours before

the arrival of the Ambassador's report of the Russian general mobilization.

In face of these facts the whole house of cards of those who would put the blame on Russia falls in ruins. The military measures of Germany and Austria on the one side and of Russia on the other balance each other in such a way that no debit remains to the discredit of the one or the other party. For the question of the war guilt the only thing of importance is toward what end the mobilizing State was working with its military measures, what consequences it attached to them. The civil and military rulers of Russia, the Czar at the head, have declared countless times solemnly and in a manner entirely worthy of belief, that their mobilization did not mean war, that it was only a protective measure against a hostile attack which was feared. The German military plenipotentiary in St. Petersburg, General Chelius, the particular trusted envoy of Wilhelm, wrote to his Emperor on July 30 that he had the impression "that they have mobilized here from fear of coming events with no aggressive intentions and now are terrified by the conclusions that have been drawn." And Wil-

helm noted on the margin: "Correct, so it is" (D 445). This is only one of innumerable proofs of Russia's desire for peace and of the conviction of the German powers that Russia intended no attack.

Austria-Hungary was in the same position as Russia; she mobilized first partially, then generally, in order to carry through the Serbian war and be insured against an eventual attack by Russia. Any aggressive intention against Russia was far from the minds of the Austrian civil and military authorities. That we know already from the German and Austrian collections of official documents of 1919; that the memoirs of Conrad has already confirmed for us: they risked the European war but did not desire it, indeed feared such a catastrophe, for which the Danube monarchies, even according to Conrad's judgment, were not ready.

The only place where the war of the great powers was positively desired, since Germany's chances for success were considered unusually favorable and no other considerations were allowed to count, the only place where an aggressive move was unconditionally wished for was the German General Staff, the War Party, and the court of the German Emperor.

The Steel Corporation's 25-Year Record

By J. GEORGE FREDERICK

President of the Business Bourse International, New York; author of *Modern Industrial Consolidations*, *Book of Business Standards* and *Modern Sales Management*

THE United States Steel Corporation was this year twenty-five years old, having been organized on April 1, 1901. It became, at birth, the world's largest corporation and has remained so ever since, despite the growing size of the General Motors Corporation and the unsuccessful effort of the Ward Food Products Corporation to succeed to this honor by a merger capitalized roughly at \$3,000,000,000, as against the Steel Corporation's \$1,000,000,000.

The "industrial accouchement," to use a phrase coined by the Chairman of the

Congressional Committee on Investigation of the Steel Corporation in 1911, of this modern business giant has been somewhat a matter of legend and dispute. John W. Gates gave a characteristic and graphic account at this investigation, and it was admitted that he was the prime mover in its organization, although J. Pierpont Morgan may certainly be said to be its father. Mr. Gates told how Morgan organized the National Tube Company near Pittsburgh, as well as several other steel companies, and then how the redoubtable Carnegie began his development into a vertical trust

by threatening to build a railroad from Lake Erie to Pittsburgh and also to erect steel mills. James J. Hill and Morgan, dining together, admitted that if Carnegie proceeded along this line it would surely disorganize the steel industry. Morgan sent for Gates, asking him how Carnegie could be stopped, and Gates told him Charles Schwab could do it. It was literally a cold and snowy day when this meeting was to have occurred in Philadelphia, and, pleading a cold, Morgan summoned Schwab to New York, and they sat up until 6 o'clock the next morning, by which time a tentative plan for the world's greatest corporation had been drafted. Gates said that it took about forty to sixty days, working "pretty fast," to bring this giant into the world. It is even said that the first articles of incorporation were for only \$10,000, but as the plans grew, the number of companies taken in increased until its capitalization grew beyond anything theretofore known.

Carnegie received \$320,000,000 for his interests, which he had offered at \$100,000,000 or \$160,000,000 the year before. It appears to be obvious that Carnegie had decided to retire from the steel business like a canny Scotsman at the height of his prestige. He had given an option to Judge Moore for \$1,000,000 and Judge Moore had let the option expire, losing his million. Charles R. Flint in his *Memories of an Active Life* opines that Carnegie taught the Morgan interests the benefits of consolidation in his own way by laying out plans and actually buying ground for the gigantic plant at Conneaut equal to the present great steel plant at Gary, Ind. It is probably literally true that he frightened the other steel interests into doing what he was reluctant at this time of life to do himself, namely, develop a far larger consolidation and steel making system than was at that time known. Judge Gary has stated that he did not hear of any "threats," and that they were not brought forward in the deliberations; but they were obviously implicit in the situation. The old Scotsman was known to be desirous of selling his corporation, as he had philanthropic ambitions; although Mr. Schwab has said that he believed Carnegie later regretted that

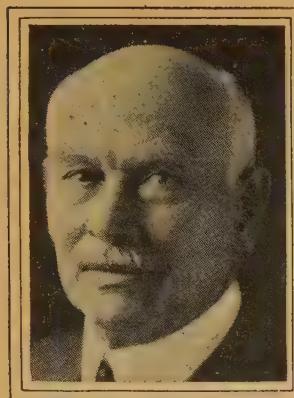
he had made the price he did on his plant. Mr. Carnegie has himself said that he put the matter of sale up to his famous partners and that they decided it.

Carnegie never even saw Morgan in this gigantic deal, nor was there any haggling. Carnegie personally got \$213,000,000 worth of steel bonds, a price at which at that time the world was aghast. He later admitted that insiders had told him that he could have obtained \$100,000,000 more if he had asked for it. It was said in those days that the financiers started to make a very fine plum pudding and found that Mr. Carnegie had all the plums!

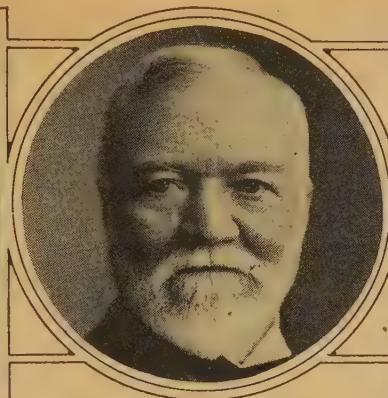
AN INDUSTRIAL PIONEER

In the light of twenty-five years, however, it is very evident that the formation of the United States Steel Corporation was one of the most courageously taken forward steps in the development of an industry that the country or the world has ever known. It anticipated the enormous rise of the steel industry and its basic place in the country's general industrial development, and has in fact become an instrument by which to judge general national business health and advance.

The fierce white light of publicity, which has played upon this corporation ever since its birth, has shown up no basic defect in its economic structure, even if it has been criticized for putting too much of its surplus into plant and development, for its delay in reducing hours of work, and for hostility to unions. Its capital stock has been perhaps its most remarkable economic feature; \$508,302,500 of \$100 par value common stock was issued on its incorporation, and this has not been increased since that time; but its rise in value has provided the most salutary lesson in industrial development that might be imagined. Some years after incorporation this common stock was selling at \$15; yet only recently it touched its high water mark of \$150. This rise in value, instead of being enjoyed only by "insiders," has been shared by a very large number of people, including many thousands of employes. The earnings on common stock have reached a total of \$1,531,202,619, or an average earning per share of \$12.17.

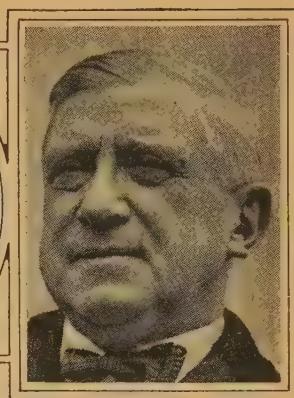


Harris & Ewing



LEADERS OF THE STEEL INDUSTRY

From left to right: Elbert H. Gary, Chairman of the Board of Directors of the United States Steel Corporation; Andrew Carnegie and Charles M. Schwab



Wide World

Dividends on the common stock have totaled \$531,544,001, a sum which it will be observed is one and a half times the purchase price of the original Carnegie holdings. In all these twenty-five years, the average dividend paid on the common stock has been \$5.02.

In spite of the fact that the corporation since its birth has spent \$1,359,498,100 on property and plant additions and betterments, a sum almost equal to its total earnings on the common stock, and criticized as excessive, it produces today only about 45 per cent. of the steel made in the United States. Upon its incorporation in 1901 it controlled 65 per cent. There is much significance in this proportion of control, present and past. Upon its incorporation it was promptly dubbed a "trust." An effort to dissolve it, like the oil and tobacco "trusts," failed, the Supreme Court seeing no public good in breaking apart this great company. The "trust" name has stuck persistently, despite the fact that the ratio of its production to the total has steadily declined. It is known that Judge Gary has set his face firmly against a greater proportion than 50 per cent. of the country's total. Thus, politically speaking, the Steel Corporation has been saved from even appearing as a controlling force in production. Students of the Anti-Sherman law and of the legal status of "trusts" know that even 60 or 65 per cent. of production has not been regarded by the

courts as conclusive evidence of monopoly. The Steel Corporation's 45 per cent. has given trust baiters little opportunity. Few great corporations have been as conservatively financed, managed and steered as the Steel Corporation.

THE STEEL AGE

The past twenty-five years mark not only the birth and rise of the Steel Corporation but the rise of the Age of Steel. In 1901 the pig iron capacity of the corporation was 7,440,000 tons, whereas today it is 18,940,000 tons. Its steel ingot and castings capacity was 9,430,000 tons, whereas in 1925 it was 22,750,000. Its finished steel capacity in 1901 was 7,923,000 tons, whereas today it is 16,252,000 tons. Thus a total of over thirty-three million tons increase in capacity has come about in these twenty-five years. Yet Schwab was regarded as a dreamer when he predicted years ago that the entire country's tonnage would reach forty million tons!

This greatest of modern industrial Goliaths has a number of very constructive developments to its credit. It created, as if by magic, as befitted so huge a giant, a large city and great new mills on what before were desolate sand dunes on the southern shore of Lake Michigan, now the thoroughly alert modern city of Gary, Ind. The great sums it has spent for research have resulted in great earnings, as, for in-

stance, 15,000,000 barrels of cement annually produced from blast furnace slag, previously sheer waste. It has developed a great foreign trade, despite the low wage competition of foreign steel mills. Its war record is also in keeping with what might have been expected of it, having spent over \$200,000,000 for plant additions, largely to aid the Government, and turning over for war use seven of its ocean-going steamers and its entire Great Lakes fleet. It also subscribed to a total of \$100,000,000 of Allied bonds and nearly as much for Liberty bonds.

Another major constructive development has been its publicity policy, which at its inception was an almost unknown thing among corporations. The inauguration of a system of quarterly reports of earnings and annual reports in complete detail has had a very important result throughout the industrial world. The Steel Corporation was financed by the public and in a real sense belongs to it. The era of popular ownership of the securities of large corporations, especially industrial corporations, was fostered and widely developed by the example of the Steel Corporation. Nor has it allied itself with the kind of public-owned corporation recently so drastically criticized by Professor W. Z. Ripley of Harvard—the type which either refuses to give voting power to the investing public or discourages shareholder interest in annual stockholders' meetings. Judge Gary has for years maintained that the annual meeting of the corporation must be regarded as an open forum on all matters pertaining to its interests.

Closely allied is the development of permitting employees to buy stock on periodic payments. This leadership in the bringing of labor under the classification of capitalist has had far-reaching general consequences. The policy was adopted by the corporation in 1903, two years after its organization, and a great many large corporations later followed this wise example. Today there are 15,000,000 shareholders of industry in the United States, a number so large as to constitute a veritable industrial and social revolution. The Steel Corporation not only permitted employees to buy stock on the instalment plan, but offered a bonus to those who held the stock

thus bought. At the close of 1925 there were 47,647 employes who were registered stockholders, 6,327 others in addition being in process of paying for stock. These employe stockholders held a total of 163,802 preferred and 501,999 shares of common stock.

Some months ago the author analyzed the financial position of some of the stock-owning Steel Corporation employes, and the results were amazing. The following facts indicate the financial gain (entirely aside from dividends or bonuses for keeping stock) which has come, for example, to twelve employes who began buying stock in 1903. This gain is "unearned increment" in the sense of its being market rise in the value of the stock; a premium for good investment. These twelve workers bought a total of 526 shares of common and preferred stock, costing them \$46,500. The computation of the increase in value of this stock, made last Winter, when United States Steel was quoted considerably lower than today, showed that the increase in value since purchase was \$55,601, or more than the workers paid for it! They have thus more than doubled their money, while earning dividends and bonuses, too.

SMALL EARNERS OWN STOCK

It is sometimes supposed that employes in the salaried class do most of the stock-buying. However, a close investigation indicates clearly that by far the largest number of employes, and by far the largest amount of stock is purchased by those not earning over \$2,500 a year. There are 46,529 employes earning \$800 to \$2,500 a year who own 83,845 shares of stock, while 14,244 employes earning more than \$2,500 possess 29,146 shares. The number of employe-shareholders in the Steel Corporation is more than a quarter of the total number of employes; and they own over \$100,000,000 worth of its stock.

The average yearly wages of employes in 1902 was \$717, whereas by 1925 the average had increased to \$1,828. The average daily wage was \$2.33 in 1902, whereas in 1925 it was \$5.88. This is entirely in line with the average levels of wage increase since 1900. The Steel Cor-

poration has usually increased wages on its own initiative, and only twice reduced wages, and then only after dividends on the common stock were reduced or altogether passed.

So much has been heard of the Corporation's controversy with the radical labor element and its conservatism in postponing the reduction of the hours of labor for a certain small part of the steel workers, that its record as a very liberal employer in regard to comfort and safety and social life has rarely had its deserved public attention. Its expenditures for employee welfare activities during the years 1912 to 1925 reached the stupendous sum of \$158,-188,043. This has been divided among playgrounds, schools, clubs, sanitation, accident prevention, relief for the families of injured and killed, and an employes' stock subscription plan. Not included in this total are pension payments of \$13,014,343. The tangible results of these vast outlays include 169 playgrounds, 28,216 dwellings constructed and leased to employees at low rentals, 11 hospitals, 251 nurses and 208 teachers.

DECREASE IN ACCIDENTS

The steel worker's job has often been depicted on canvas and in poetry, usually as a grueling, terrifying, dangerous task. Modern humane methods are a vast improvement over conditions preceding the Steel Corporation. A campaign begun in 1906 was backed by a promise of all the funds necessary to insure greater safety. The number of accidents per 100 men in 1925 was 60.22 per cent. less than in 1906, before this campaign was begun. Disabling accidents were 80.07 per cent. less in 1925 than in 1912. A more graphic way of describing this humane advance is to say that 46,863 men have been saved from serious and 322,408 men have been saved from slight injury.

When within recent weeks United States Steel common touched 150 and the brokers

on the New York Stock Exchange cheered, it meant far more than does a rise of a few points in the average stock. It meant that Wall Street knows the true inwardness of the movement of steel stock, for so many years a market leader and a national market barometer. Yet at the moment of this demonstration it happened that unfilled orders for steel were at the lowest point in a number of years. United States Steel common is today a world financial barometer, now that New York is the world's financial centre. It has completed twenty-five years of life, dating from a time when there was a rabid national antagonism to large-scale enterprise, until today, when consolidation and large aggregations of capital in industry are accepted as important and welcome factors in our national well-being. A large share of credit for this is due to Judge Gary and the policies of this most gigantic of modern enterprises.

The United States Steel Corporation operates 145 mills, plants and warehouses, and owns or operates 3,862 miles of railways, more than enough to reach from the Atlantic to the Pacific. Its aggregate gross business since its incorporation in 1901 has been \$23,500,000,000. It has assets of over \$2,500,000,000. More statistics of the kind might be listed here, but they would only serve to dull the imagination. The Steel Corporation's place in our industrial and financial world is based, not upon size alone, but upon leadership. That its policies and outlook have at all times been the wisest or the most progressive possible could not be claimed of it or any other human institution. Those of us who are conservative approve its policies, and those of us not so conservative may and do find fault. It is very doubtful, however, whether any other American institution touching so many people and having so much power, has used its opportunity over twenty-five years with any greater beneficence and success.



Improved Insulin as a Cure for Diabetes

By WATSON DAVIS

Managing Editor, Science Service, Washington, D. C.

A FEW years ago Banting and Best, two unknown medical researchers, developed through their purifying of a hitherto unknown glandular extract a treatment for diabetes. Their discovery has brought happiness, health and longer life to hundreds, and incidentally the Nobel prize was awarded for this remarkable advance in medicine.

Now the work upon insulin, the hormone discovered by Banting and Best, has been carried further by Dr. John J. Abel and his corps of co-workers at the School of Medicine at the Johns Hopkins University. In his laboratory insulin has been reduced to a purity so great that it comes down out of a solution in the form of minute crystals that shine like bits of uncut diamonds when viewed through the microscope. The insulin used in medicine is effective clinically, but it was recognized from the first that chemically it is far from being a pure product. Most chemical compounds indicate the attainment of a state of real purity by forming regular crystals, and nobody heretofore had been able to get crystals of insulin. The trouble was, Dr. Abel explained, that the insulin in use is mixed up with unknown substances that would precipitate at very nearly the same electro-chemical state of the solution.

Beginning with the ordinary insulin used in medicine, Dr. Abel and his associates passed it through an elaborate series of precipitations with various chemicals and repeated solutions in weak acetic acid. The crystals that come down at the last stage are very small. After settling out at the bottom of the flask they were picked up with a fine-pointed, rubber-tipped medicine dropper. The process of manufacture is so slow and difficult that months of work have resulted in the preparation of only a few hundred milligrams of the precious stuff. This pure crystalline insulin is extremely potent. One milligram

of it, or a bit as large as a small grain of sand, has as much power to reduce blood sugar as is possessed by 100 clinical units of the solution used in medical practice. One-fiftieth of a milligram will throw a four and a half pound rabbit into convulsions, which are quickly cured, however, by injecting a little sugar solution into the rabbit's veins.

Whenever a chemist succeeds in refining a natural compound to a purity that will result in crystal formation, the next step is usually expected to be the analysis of the crystals, with a view to the possible manufacture of the compound by artificial means, so that a perfectly uniform product may be obtained at a lower price. But Dr. Abel states that a year or more of work must intervene before the analysis can be completed. The synthesis of the compound will undoubtedly be a matter of the greatest difficulty and may be impossible in the present state of our knowledge. Dr. Abel is no novice in the field of purification of gland secretions. Three of the four extracts of the various ductless glands so far crystallized or brought to a very high concentration are to his credit. In addition to the recent crystallization of insulin, he isolated epinephrin as a mono-benzol derivative from the extract of a ductless gland situated near the kidneys, and he has also prepared a highly purified and very potent tartrate, not yet crystallized, from extracts of the pituitary body. The fourth internal gland secretion to be purified is thyroxin, the extract of the thyroid gland of the throat region, which was crystallized by Dr. Edward Kendall of the Mayo clinic.

THE HEAT OF THE SUN

Since antiquity the learned men of the world have pondered upon the source of the earth's heat and light, the sun. Year in and year out the sun continues to shine brightly. It seems to be a model of constancy. The latest ideas about the interior

of this star have been given the world by Professor A. S. Eddington of Cambridge University. In order to keep the sun at the size it is at present, and to prevent the gravitating mass of the outer part from collapsing to the centre, the interior of the sun must have a temperature of 70,000,000 degrees Fahrenheit at the centre, which gradually decreases until it is only about 10,000 degrees at the surface. As a result of this conclusion, says Professor Eddington, "no source of energy is of any avail unless it liberates heat in the deep interior of a star." This, he believes, effectually disposes of an idea, suggested in the past, that the sun received its energy from meteors which fell into it from outer space. "Clearly," he states, "you cannot maintain a temperature gradient by supplying heat at the bottom end. If this year the sun encountered a swarm of meteors which bombarded it with enough energy to furnish a year's supply of radiation, that would not add a year, or even a day, to the life of the sun; its internal readjustments would go on unaffected. All that would happen would be that the sun would give us twice the normal amount of radiation this year."

The theory once proposed that the sun is gradually contracting, and so releases the energy which forms the heat, is also untenable, says the astronomer, because with such a theory the sun cannot be more than 46,000,000 years old. "Physical and geological evidence seems to be conclusive," he says, "that the age of the earth—reckoned from a period which by no means goes back to its beginnings as a planet—is much greater. The age of the older rocks found from their uranium-lead ratio is generally put at 1,200,000,000 years; lower estimates have been urged by Professor Joly, but none low enough to save the contraction hypothesis." Astronomical facts also support these ideas of the age of the solar system, and so, says Professor Eddington, "we seem to require a time scale which will allow at least 10,000,000,000 years for the age of the sun; certainly we cannot abate our demands below 1,000,000,000 years. Since we cannot very well imagine an extraneous source of heat able to release itself at the centre of the star, the idea of a star picking up its energy as

it goes along seems to be definitely ruled out. It follows that the star contains hidden within it the energy which has to last the rest of its life. But energy cannot be successfully hidden; it betrays itself because it has (or because it is) mass. How much of the sum total of the energy of the sun is capable of being converted into radiation we do not know; but if it is all available there is enough to maintain the sun's radiation at the present rate for 15,000,000,000 years. To put the argument in another form, the heat emitted by the sun each year has a mass of 120,000,000,000,000 tons; and if this loss of mass continued there would be no mass left at the end of 15,000,000,000 years."

Since all the other alternatives are eliminated Professor Eddington supposes that the source of the energy must be in the protons and electrons, charges of positive and negative electricity, of which the atoms are composed. "We have to suppose," he says, "that a proton and an electron run together, their electric charges cancel and nothing is left but a splash in the ether which spreads out as an electromagnetic wave carrying off the energy." He admits the difficulty of some of these ideas, for apparently at a temperature of 70,000,000 degrees the energy is liberated so copiously that he asks, "Can we suppose that energy issues freely from matter at 70,000,000 degrees as steam issues from water at 212 degrees? I think that physicists would be hard put to it to reconcile such extraordinary behavior with any accepted principles, yet that is what the astronomical observations taken at face value seem to insist." In a reply to this suggestion Professor J. H. Jeans, President of the Royal Astronomical Society, denies that this can happen, for, he says, the transformation of matter to energy itself is a process which liberates more heat, and "as soon as the centre of a star reached 70,000,000 degrees the heat generated would raise the neighboring parts to 70,000,000 degrees; these would generate more heat, and so on, the high temperature spreading explosively throughout the star. The true analogy would be, not the issue of steam from water, but the explosion of a magazine of gunpowder."

THE SUN'S VARIABILITY

In spite of its seeming constancy the sun is really a variable star. It does not glow with an absolutely steady heat, but flickers slightly from day to day and from year to year. The vagaries of our weather here on earth depend partly on the sun's variations. This has been shown by the work of Dr. C. G. Abbot of the Smithsonian Institution, who for years has been measuring the radiation of the sun. Many meteorologists have not been convinced that the sun really varies, although H. H. Clayton has announced that he finds variations of weather caused by solar changes. They fear that the complicated measurements of Dr. Abbot, hindered as they are by the haziness and humidity of the earth's atmosphere, are not conclusive. The variability which he reports, they suggest, may all be due to unavoidable atmospheric sources of error.

Dr. Abbot now announces a very direct test that should settle the question. Although it is impossible to do the measuring from a point outside the atmosphere, yet it is possible to select times when the transparency and other affecting qualities of the air are closely alike, and the sun stands at equal height above the horizon. At such times the solar heating should vary only if the sun does. Selecting the month of July in the years 1910 to 1920 for his test, he collected results observed on Mount Wilson for all days of practically constant atmosphere conditions. The average monthly values thus selected he compared with the average monthly numbers of sun spots. The three curves that express his results run along very closely together. Dr. Abbot's new method, he hopes, may be convincing of the sun's real variability. This will make all the more important and interesting the establishment this year under the joint auspices of the National Geographic Society and the Smithsonian Institution of a new solar observatory on Brukkaros Mountain in Southwest Africa. This site he selected last March after studying on the ground conditions in Algeria and Baluchistan. The mountain is 5,200 feet high in a desert where the yearly rainfall averages only three and one-half inches.

THE DEADLY BACTERIOPHAGE

Years ago when Leeuwenhoek discovered a new world by turning his various homemade and pioneer microscopes upon the world invisible to the unaided eye, there were probably few who dared to dream of living things more minute than those revealed in the microscope. Yet today, just as immense telescopes and the astronomical minds of the generation have pushed outward a million light years or more the boundaries of the universe and even discovered other galaxies beside the one in which we live, so in the domain of the minute and the living a submicroscopic world inhabited by creatures that are less than microbes has been discovered.

Dr. F. d'Herelle, the discoverer of the bacteriophage, declares that it is alive. The bacteriophage is a parasite of parasites, a deadly submicroscopic supergerm. It contaminates all cultures of bacteria, no matter how "pure" the scientist may believe them to be. According to Dr. d'Herelle, it is impossible to find a germ without its bacteriophage accompaniment. Moreover, in the face of sceptical criticism from other men of science, he maintains that the bacteriophage is really a living organism and not a mere chemical phenomenon. The bacteriophage is not a mere annoyance to the germ it infests, according to Dr. d'Herelle. It kills them, just as some germs kill men and animals and plants, and then it dissolves their corpses. Just as there are special germs that attack men and not horses, and others that attack horses and not sheep, so there are special breeds of bacteriophage each of which has its favorite germ which it attacks. But just as some germs, for example anthrax, will attack men, horses and sheep indiscriminately, so there are some varieties of bacteriophage whose appetites are equally indiscriminate, permitting them to devour several different species of bacteria. Dr. d'Herelle claims that he has succeeded in isolating single bacteriophage "corpuscles" and in breeding up pure cultures of these different strains.

According to the author, these "supergerms" are almost unimaginably small, having diameters of twenty-thousandths of a thousandth of a millimeter—and a milli-

meter is about a twenty-fifth of an inch. They pass readily through the pores of a very fine porcelain filter that will stop ordinary germs as if they were marbles in a colander. But one of these tiny organisms, he says, will penetrate into the body of a bacterium, and there will divide and divide again, just as a germ does in the body of a man until the bacteriophage "family" becomes so numerous as to burst the unfortunate bacterium asunder and so cause its death. Man and all other animal organisms habitually infested with bacteria carry about with them all the time one or more strains of bacteriophage that make war on their commonest germ enemies. When the germs get the upper hand of the bacteriophage we are sick; when we are convalescent, Dr. d'Herelle says, our private bacteriophage strains are in state of especial virulence against their special germ victims. Dr. d'Herelle made his discovery of the bacteriophage while he was at the Pasteur Institute in Paris. He is now

at Alexandria, Egypt, working on problems of the control of tropical diseases. The use of the bacteriophage for combating tropical plagues was forecast in literature before it was actually attempted in practice, for the hero in Sinclair Lewis's *Arrowsmith* is sent on an expedition to a Caribbean country to put down an epidemic.

Within a decade the vitamins, A, B, C, D, E and X, have won public currency as well as scientific recognition. Now there appear upon the dietetic stage as a foil to the hero vitamins the toxamins. Professor Edward Mellanby of Sheffield University, England, has announced the discovery of a malignant twin of the vitamins, which he claims exists in great concentration in the foods that are used as the principal elements of the diet of a large section of the white race. The most notable offenders in harboring his newly discovered causes of ill health, he says, are oatmeal and wheat.

Armies and Navies of the World

THE UNITED STATES

THE War Department announced on July 16 that, as a result of the serious disaster at the naval arsenal at Lake Denmark, N. J., on July 10, it would undertake a complete survey of all military arsenals and munition manufacturing plants throughout the United States with a view to preparing recommendations concerning any changes which might be desirable from a point of view of safety. There could, however, be no immediate change in the location of arsenals nor any considerable movement of explosives as the outcome of this investigation, since either of these measures would require a heavy expenditure for which Congressional appropriations would be required. It was pointed out, in this connection, that no explosion occurred at the army plant at Picatinny adjoining the Lake Denmark arsenal, although it underwent the most severe kind of test, which would seem to indicate that its type of construction was particularly effective and therefore useful as a model.

Major Gen. William Lassiter, who was President of the Tacna-Arica Plebiscitary Commission, has been relieved as Commanding General of the Panama Canal Department and assigned to command the Sixth Corps Area with headquarters at Chicago. Major Gen. William S. Graves will succeed him in the Panama command.

A series of conferences took place at the President's Summer camp at Paul Smith's, N. Y., between Mr. Coolidge and various naval officials and experts, in particular Secretary Wilbur, with regard to the proposed expansion of the Navy's aviation program. The naval engineers and Assistant Secretary Warner, in charge of this field, had been developing a policy and mapping out definite items of appropriations, and the approval of the President had to be obtained before continuing the work. The chief problem discussed was whether an item for a lighter-than-air ship to replace the Shenandoah should be included in the 1928 budget. This ship would be 6,000,000 cubic feet, three times the size of the Shenandoah, and would use

helium. It would have a cruising radius of about 5,500 miles and would cost between \$5,000,000 and \$6,000,000.

THE BRITISH EMPIRE

PRIME MINISTER BRUCE of Australia stated in a speech on July 20 that Australia was spending much more for national defense than ever before. In 1924-25 the Government embarked on a defense developing program extending over five years and involving a yearly expenditure of about £1,000,000 in addition to the regular budget appropriation of £5,500,000 set aside for the purpose. This additional amount was being devoted to train extra personnel in connection with the new naval construction program to be completed in 1928-29. Over and above this special grants had been made, as, for instance, £250,000 for munitions for the army, £300,000 for air-force purposes, and many million pounds for general improvement of roads, railways, wireless and harbors.

In accordance with the Washington treaty, the British Admiralty will scrap this year the battleships King George V, Ajax, Thunderer and Agamemnon, fifteen destroyers and one submarine.

SPAIN

APPROPRIATIONS of 877,000,000 pesetas (about \$139,000,000) will be made in the coming ten years for the Spanish Navy, according to an announcement by the Government on July 14. The Government declares itself out of sympathy with the reduction of naval armaments and intends to add to Spain's present equipment, pointing to increased international activity in the Mediterranean in justification and reserving the right to increase the naval power as far as its resources permit. It plans to build immediately three cruisers of 10,000 tons each, three destroyers, twelve submarines, two tankers and various small coast guard craft. A factory for making gunpowder and torpedoes, which are now purchased abroad, is to be built, and naval bases with forts, dikes and submarines are to be established. Plans have already been drawn up for bases in the Balearic Islands, Barcelona and Cartagena.

The directorate is persisting in its determination to enforce the new scheme of

making promotions in the army by election instead of by seniority, in spite of the fact that a majority of opinion in the army is against the Government plan.

MEXICO

GEneral AMARO, Minister of War, has perfected some interesting plans for increasing the physical prowess of the Mexican Army. Following his directions the Government has placed an order for 3,000 football uniforms and several thousand baseball uniforms with full equipment, which will be issued to the troops. Polo teams have been organized by officers and boxing gloves and punching bags have been purchased by the hundred dozen, with teachers engaged to give lessons in the art to the troops when in barracks. In the Department of War, a large gymnasium has been opened for officers, where they are required to take boxing and fencing lessons and pistol practice.

On July 24, President Calles formally opened the new military school in Mexico City, which is modeled on West Point.

GERMANY

A NEW type of gas, known as "fog gas," invented in the Berlin Institute of Technology before the war, but only recently adapted for practical use, has been undergoing various secret tests by the Reichswehr authorities. It is said to have no harmful physical effects, and is purely a defensive device designed to protect fortresses, entrenched positions or artillery emplacements from infantry attack or aircraft observation, and centres of population or railroad communications from aerial bombing. The chemicals are contained in an ordinary shell which may be adapted to long-range or field artillery, mine throwers, trench mortars and anti-aircraft guns. Explosion of the shell creates a fog so dense that a man enveloped in it would lose his bearings altogether. The most important aspect of the invention is considered to be its feasibility for use against airplanes, as bombing or observation machines can be surrounded by a fog barrage that serves to conceal the objective of their flight and compels them to fly by compass, risking collision with other members of their squadron.

CURRENT HISTORY—PART II.

The Historians' Chronicle of the World

By the Board of Current History Associates

PERIOD ENDED AUGUST 9, 1926

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The Outstanding Events of the Month

By ALBERT BUSHNELL HART

Professor of Government, Harvard University; Chairman of the Board of Current History Associates

THE struggle between State and Church in Mexico has produced a series of events that has not been exceeded of late for the violence of the passions it has aroused and the intensity of the drama to which it has given rise. A deep-seated feud dating back several generations has apparently come to a climax with the parties so irreconcilable that for the time the struggle has assumed the aspect of civil war, not unlike the religious strife of centuries ago.

Elsewhere in Latin-America the chief centre of interest continues to be Tacna-Arica. Despite the breakdown of the plebiscite, hopes are expressed that another way of settling the dispute will be found.

Among the English-speaking communities of North America, political activities enlist much interest. In the United States, issues are being defined for the November Congressional elections, while Canada is engaged in a general election in the expectation that a new Dominion Parliament will contain a majority party strong enough to carry on the Government.

A new phase of the war debts controversy between the United States and the Allies was opened by Mr. Mellon's declaration that a considerable portion of the Allies' obligations to the United States has in actual fact been canceled. A new movement for complete cancellation has begun to enlist a considerable number of American sympathizers.

Great Britain has still found no way out of the

impasse created by the coal miners' strike. Meanwhile, the recovery of the country's trade has received a serious setback. France has come through another series of political crises with a Cabinet headed once more by Raymond Poincaré and including five other former Prime Ministers. The financial situation was eased by confidence in the new Ministry, and it appears that there is some prospect that France will find a solution of her monetary problems. Of hardly less importance is the steadily developing economic rapprochement between France and Germany, finding expression in the con-



THE BROOD SHE HATCHED

—Editors' Feature Service

clusion of a commercial treaty and the formation of international trusts in the steel and other basic industries. Italy is submitting to the new iron discipline of the Fascisti, which has for its purpose a regimented people concentrated upon increasing the nation's industrial capacity and productivity. Internationally, Italy has caused something of a stir in conjunction with Great Britain by the designs of the two nations upon Abyssinia. Russia, which has suffered a great loss in the

death of Dzerjinski, is, according to various reports, making considerable economic progress.

In Asia the chief features of interest are the continued fighting in Syria between the French and the rebels and the desultory campaigning of the rival Generals in China. The Customs Conference at Peking has temporarily broken down, and there is still no sign of a Government that can speak for the whole Chinese Republic.

[INTERNATIONAL EVENTS]

War Debts That Have Been Canceled

American View That Considerable Part of Allied Obligations Has Already Been Wiped Out Hotly Contested—Anglo-French Debt Agreement Signed—Steps Toward an Economic Locarno

By JAMES THAYER GEROULD

Librarian, Princeton University

NEVER has it been more clearly evident how wide is the gulf between politics and economics, between reality and opinion, than during the present controversy over the war debts. On both sides of the Atlantic the facts yield to sentimental considerations.

The latest phase of the controversy has been briefly as follows:

On July 14 Secretary Mellon made public an analysis of the American debt settlements, pointing out that a large proportion of the funds advanced to the principal debtor countries was lent after the termination of the war and was for commercial rather than military purposes, and that, except in the case of Great Britain, the terms of the settlements represented virtual cancellation of the purely war debts. As to Great Britain, our loans to that country were not so much to provide war supplies as to furnish sterling for home and foreign needs and to save the British Government from borrowing at home. Mr. Mellon stated on July 16 that America had canceled the obligations of France for all advances during the war, and that no other creditor of France had accorded her such generous treatment.

In a debate in the House of Commons on July 19, Winston Churchill, the Chancellor of the Exchequer, expressed sharp dissent from Mr. Mellon's views, declaring that the statement as to Great Britain's use of war borrowings for selfish British ends was utterly misinformed, and that the borrowed funds were spent in the United States under the supervision of the United States Treasury in what was, according to the American view, a furtherance and prosecution of the war. The amount spent Mr. Churchill declared to be \$7,000,000,000, consisting of \$4,000,000,000 borrowed and \$3,000,000,000 provided by Great Britain.

On the following day the United States Treasury issued a rejoinder, in which it was stated that the amount actually supplied by Great Britain in cash from her own independent resources for purchases in the United States was not \$3,000,000,000 but about \$760,000,000; and that vast sums were spent in purchasing exchange to "peg" the pound sterling and to permit Great Britain to purchase goods in other countries at a favorable exchange rate.

The British Treasury replied on July 22, taking issue with the American interpre-

tation of certain items of expenditure; pointing out that Great Britain bore the burden of covering the sterling requirements of her Continental allies; asserting that, but for the fact that the United States did not feel able to relieve Great Britain of the additional burden, the British debt would probably never have been incurred; and concluding that no case for discriminating against Great Britain could be founded upon her use of money borrowed from the United States for the prosecution of the war.

An analysis showing how the allied debts to the United States have been in part canceled was contained in a Washington dispatch of July 31, which, relying upon official statistical compilations, demonstrated that the present dollar value of the war debt settlements, when worked out at what might be accepted as current interest rates—or, in other words, the cost of money to the United States Government—were considerably less than the funded principal of each debt. This, according to the official view, represents a concession on the part of the United States, which, in the case of France, Italy and Belgium, at least, is of very considerable proportions. The dispatch added:

Worked out in another way, it is demonstrated by charts that the total amount of money which most of the foreign Governments will be called upon to repay under the debt compacts in the stipulated sixty-two years will be less by billions under the nominal interest rate fixed than it would have been had anything like current interest rates been demanded.

Great Britain, which agreed to pay 3 per cent. interest for the first ten years and $3\frac{1}{2}$ per cent. for the next fifty-two years, is the only exception to this rule. Her total payments, had the debt pact called for a flat interest rate of 3 per cent. over sixty-two years, would have been but \$10,368,940,000, instead of the \$11,105,965,000 due under the 3 and $3\frac{1}{2}$ combination rate.

The present value of any of the debts means the principal amount which, if computed over the period of funding, at current interest rates, with allowance for the gradual reduction to be made by the relatively small annual repayments of principal, would call for the total repayments of principal and interest.

France, for instance, tentatively agreed to fund her debt at \$4,025,000,000, and, at varying interest rates which average 1.64 per cent. over sixty-two years, to make total payments in interest and principal repayment of \$6,847,674,104.

At 3 per cent. interest, which is less than current interest rates, a principal amount or present value of but \$2,734,250,000 would call for the same total of payments in extinguishment of the French indebtedness. At $4\frac{1}{4}$ per cent. interest the principal amount calling for the same total repayments would be \$1,996,509,000, and at 5 per cent. it would be only \$1,681,000,000.

What Secretary Mellon meant when he said that the United States had virtually agreed to cut the French debt in two and, in effect, had canceled the pre-armistice indebtedness, was that the total payments to be made by France at the nominal interest rates in the funding agreement actually represented the repayment of but about half of her debt of \$4,025,000,000 at current interest rates.

The same situation in regard to the debts of Italy and Belgium is demonstrated by charts and statistics, except that Italy obtained much easier terms as to the interest she must pay until the debt is liquidated than either France or Belgium.

The United States would obtain full repayment of the debts only if the debtor nations paid to this country a rate of interest on the instalments of principal repayment spread over sixty-two years equivalent to the cost of money to the United States.

It was considered beyond the capacity of the debtor nations to pay such an interest rate, and the United States therefore has accepted less than the full present value of the debt to the extent that the interest to be received under the settlement is below the cost of money to this country, which is now about 4 per cent. The debtor nation also received a concession in its debt to the extent the interest is lower than the cost of money to that debtor nation.

That Great Britain more nearly approaches full repayment of her debt than any other of the large allied countries is evident from the fact that she has agreed to pay a minimum of 3 per cent. interest on postponed principal repayments, whereas the average interest rate to be paid by France and Italy is below 2 per cent.

The charts show, in fact, that if 3 per cent. interest is to be considered as average "current interest" over the period of sixty-two years, a small profit would be obtained by the United States, but on the other hand if $4\frac{1}{4}$ per cent. is to be accepted as the current interest rate, a substantial concession would have been made to Britain.

To France, Italy and Belgium have been granted substantial concessions even if the current interest rate should be considerably less than 3 per cent. The present settlement with France, figured at 3 per cent., is worth but 64.6 cents to the dollar and that with Belgium 62.5 on the

dollar and that with Italy but 36.4 cents on the dollar.

In the case of most of the other debtor nations to whom loans were made only after the armistice and for reconstruction purposes, the debts have been funded on practically the same basis as that accepted for the British compact. These show concessions only when it is figured that current interest rates are to be more than 3 per cent. on the average over the period of the funding.

So far from acquiring merit by these concessions, the United States has been rechristened as Uncle Shylock by the common consent of all Europe and only an occasional voice is raised in our defense. The British Government, by an adroit concession to French opinion, has negotiated an agreement which, though only slightly more favorable than our own, has been well received. At the same time a portion of the British press, particularly those papers controlled by Lord Rothermere, and a number of members of Parliament, have been expressing, in no measured terms, their dissatisfaction with the settlement of British obligations toward us. These newspapers are particularly incensed over the distinction drawn by Mr. Mellon between that portion of the debt contracted purely for war purposes and that which he considers as a "commercial" loan. This position they consider untenable. In their opinion they are joined by many Americans, whose views found expression in a notable editorial in *The New York World* on July 22.

Cooler heads, both inside the British Parliament and out, deprecate the acrimonious character of the present discussion and particularly any manifestations of personal hostility to the touring American.



Europe to Uncle Sam: Dear Uncle Sam, I hear you are making an American League of Nations. Please show me how. The one I made went smash!

—Mucha, Warsaw.

They realize that the United States cannot be dragooned into revision and that, to use Winston Churchill's phrase, "time will be on the side of easier and wiser solution." The British attitude was again stated by Sir Austen Chamberlain, the Foreign Secretary, when, speaking in the House of Commons on Aug. 4, he said:

A statement was attributed, rightly or wrongly, to the Secretary of the American Treasury which wholly or largely misrepresented the character of our borrowings and the purpose for which they were applied. It was rightly felt that it would not be to the interest of good relations that such a misapprehension should be given currency and credence because no notice was taken of it, and Mr. Churchill accordingly stated the facts correctly.

But Mr. Churchill never complained, and made it clear that he did not complain, of the terms of settlement with the United States. There is no man in this country who, if he had to decide the

question as to whether the promise of his country would be honored, would not have said: "Of course Great Britain will honor its word and will settle the debt which we have agreed to settle."

But you must not ask us to say, and other people must not ask us to say, that we think this was the best solution that might have been arrived at in the interests of the world at large. We, on our part, were not only debtors to the United States but large creditors of other powers; and we should have been prepared, and succeeding Governments would have been, to wipe the slate clean of all these obligations among the allied and associated powers as being part of our contribution to the great cause in which we were all engaged.

This solution did not commend itself, and we have since then adopted as our policy that from our debtors we will ask only so much as will meet the payments which we have to make ourselves. The actual sums we are receiving, or that may likely be received, will not amount to the sums which we have to pay.

Be that as it may, no British Government would think it becoming with the dignity of this country, or compatible with our honor, to go cap in hand to those to whom they have undertaken obligations and ask to be excused. We make no complaint and we will discharge our obligations, but at least we would like it to be known in what manner that money was borrowed and to what it was devoted.

Ramsay MacDonald, Prime Minister of the first Labor Government, spoke in a similar strain, declaring that Great Britain had made a bargain with America and that no British Government would fail to carry it out.

Nevertheless it is recognized in Britain that few American financial authorities whose views are not colored by political considerations, believe that the settlements already made are permanent and that, through two generations, Europe will continue to pay us tribute. Indeed, there is a growing opinion, both in America and abroad, that revision is bound to come. This view is well expressed in an editorial by J. L. Garvin in *The London Observer* of July 28 when he wrote: "The best thing—and we believe statesmanship will come to it—would be an agreement to make a clean slate, by wiping out all these obligations, German indemnities included, as part of the policy of disarmament, revision and concentrative peace."

Georges Clemenceau, war Premier of France, after a silence of six years, pub-

lished in the Paris newspapers of Aug. 8 an open letter to President Coolidge, in which he appealed to America not to consider the French war debt as a purely business proposition, but to take into account France's empty treasury and her sacrifices in blood and treasure. Clemenceau charged the United States with having made a blood truce with the common enemy, Germany, in utter disregard of her companions in arms, just as Russia did at Brest-Litovsk, and he intimated that what it was sought to make France do was to pledge her territory, like Turkey, as security for her loan—something to which she never would consent.

While the most pronounced Francophile would hardly claim that the French have as yet dealt with their financial situation in realistic terms, it is fair to say of them that they are clear sighted enough to dislike to agree to an obligation which they do not believe is within their power to meet. No one at all familiar with French psychology will be greatly disturbed either by the parade of the mutilated soldiers on July 14 or by recent sporadic incidents of courtesy shown to Americans in Paris. It is regrettably true that too many Americans provoke it. President Coolidge's recent admonition to them was well timed.

The Anglo-French agreement, signed on July 12 by Winston Churchill and Joseph Caillaux, recognizes that the debt of £653,127,900 is to be settled by annuities, during the financial year 1926-27 of £4,000,000, rising by an increment of £2,000,000 until 1930-31, when the sum of £12,500,000 will be paid. This figure will be maintained until 1957-58, when there will be a further increase to £14,000,000. Payments will cease in 1987-88. The sum of £53,000,000, representing gold transferred by France to Great Britain during the war, is to remain as a non-interest bearing debt the disposition of which is subject to future agreement. The annuities rest on the sole credit of France, but outside the settlement, letters have been exchanged stating that, in the event of a failure of Germany to meet reparation payments, France would be entitled to ask for a reconsideration of the terms of the agreement. The sum of the annuities will

provide for the payment of principal and interest on about 40 per cent. of the actual debt.

The termination of the negotiations with Great Britain has stimulated anew the French demand for the insertion of some sort of a "safeguarding" clause in the Franco-American agreement; but Secretary Mellon has declared unequivocally that any further action must come from Congress; and Mr. Borah, Chairman of the Senate Foreign Relations Committee, has been equally emphatic in his statement that the present terms are too liberal. Raymond Poincaré, again French Prime Minister, while out of office personally opposed the agreement and is not expected to press for its ratification in its present form.

ITALIAN AND BRITISH AIMS IN ABYSSINIA.

The text of the notes exchanged between Great Britain and Italy last December, defining the attitude of the two Governments toward certain concessions to be sought from the Abyssinian Government, has recently been published. Italian interest in Abyssinia has been traditional, though since the disastrous defeat which Italy suffered at the hands of Menelik at Adowa in 1896 she has claimed no protectorate. The three-power treaty of Dec. 13, 1906, defined the spheres of influence of Italy, France and Great Britain and agreed to maintain the interest of Great Britain in the Nile Basin, the interest of Italy as represented by her colony of Eritrea to the north and Italian Somaliland to the south, and the right of France to construct a railroad from French Somaliland to the capital of Abyssinia. This railroad is at present the only one in the country.

Italy now wishes to connect her two colonies by a railroad and in return for the consent of Great Britain has agreed to support her in an attempt to secure the concession from Abyssinia of the rights in Lake Tsana, the headwater of the Blue Nile, together with a motor road connecting the lake with the Sudan. The purpose of the dam would be to impound water to be used in increasing the irrigated area on which cotton can be grown for the Lancashire mills. Italy seeks as well "an exclusive economic interest in the west of Ethiopia, and in the whole of the territory to be

crossed by the above mentioned railway."

Because of the tripartite treaty France must be consulted, and thus far she has shown no sign of agreement to the change in the status quo. Abyssinia has protested to the League and the matter will probably be considered at the next meeting of the Council. She contends that such agreements impair the sovereignty which was recognized when she was admitted as a member of the League. There is bitter truth in one of the concluding sentences of the note: "Throughout our history we have seldom met with foreigners who did not desire to possess themselves of Abyssinian territory and destroy our independence."

Sir Austen Chamberlain, in the House of Commons on Aug. 2, stated that Great Britain had obtained an agreement from the late Emperor Menelik of Abyssinia that British plans would have preference when the time came to deal with the Lake Tsana question. Negotiations to this end were resumed with Ras Tafari, the Regent of Abyssinia, in 1924, but the Abyssinian Government sent no reply. In the meantime the water question for the Sudan became more pressing. The British Government, therefore, exchanged views with the Italian and French Governments to safeguard the negotiations with Abyssinia from delay through outside apprehensions. The agreement with Italy had no political significance, for the two future concessionaires merely bound themselves not to compete with each other respecting the concessions for which they were already negotiating with Abyssinia. Sir Austen concluded by declaring emphatically that no question of national sovereignty was involved.

THE TANGIER CONTROVERSY

Italy has informed the British Government that it is willing to adhere to the Tangier Convention provided she is admitted to equality with Great Britain, France and Spain. At the same time Spain is seeking the abrogation of the convention and the incorporation of the zone with Spanish Morocco. She has exercised her right to impose customs duties by erecting a tariff wall about the zone, which is causing serious economic distress. Great Britain and France have offered her 25 per

cent. of the total customs revenues of the zone if she will abolish the present tariff, but thus far she has refused to do so.

GERMAN DISARMAMENT

Sir Austen Chamberlain's recent statement, which was interpreted to mean that Germany has not fulfilled the disarmament obligations imposed by the Versailles Treaty and that her entrance to the League might be prejudiced thereby, caused Lord Cecil to make, in the House of Lords, an official statement in the course of which he stated that the Council of Ambassadors, on the basis of a recent investigation, had concluded that Germany has shown a sincere desire to meet its obligations and that it had fulfilled the necessary conditions.

FRANCO-GERMAN COMMERCIAL TREATY

After twenty months of negotiations signatures were affixed in Paris on Aug. 5 to the Franco-German commercial treaty. Owing to certain questions not yet definitely settled the accord is for a six-months period only, but is renewable by tacit understanding every half-year. The agreement replaces three modus vivendi adopted in April and September, 1925, and March, 1926, which covered only certain groups of the respective exports and imports of the two countries. The new accord covers almost the full range of trade between the two nations and was facilitated by a series of private agreements reached between the French and German iron and steel makers, in which several other nations were also participants. The treaty became effective on Aug. 20. The text stipulates that its object is to prepare a definitive treaty and that a month after the French have enacted a new tariff law the delegations will meet again to discuss a permanent treaty. The treaty required ratification by the German Reichstag, but did not need the approval of the French Parliament. It was hailed as a step toward an economic Locarno.

INTERNATIONAL TRADE COMBINATIONS

International economic rapprochements go on apace, and they must necessarily be a powerful factor in determining the course of events during the coming years. The

European Railmakers Association has completed its organization and is ready to function. It will be controlled by a board of four delegates, representing severally the British, French, German and Belgian manufacturers. Orders for rails go to the central office in London, where they will be apportioned 40 per cent. to Great Britain, 43 per cent. to France, Belgium and Luxembourg, and 17 per cent. to Germany. It is believed that arrangements have been made to allot a portion of the British quota to the United States.

A dispatch from Paris, dated Aug. 2, stated that, in continuance of the plan to link every branch of the European steel and iron industry in a series of secret trust agreements, the manufacturers of France, Germany, Belgium and Czechoslovakia had just formed a new trust. It is believed that the agreement follows the general lines of the European steel trust, better known in Europe as "Erma," which was formed earlier in the year. Iron ore markets are reserved for the respective nations and the foreign field is more or less free to all participants at certain agreed prices. As a preliminary to the formation of this trust, it was reported that seven of the largest steel producers in the Ruhr had consolidated their interests. These firms have a capacity of 6,000,000 tons, or 44 per cent. of the total German output.

A notable article which appeared in the English periodical, *The Fortnightly Review*, for August, gives many details of the persistent efforts which are being made by the German Government to trade economic for political advantages and to regain their former position in European economic life. Thus far they have been only measurably successful, but many of their plans will require years to be realized. Such arrangements as are being projected seem to the influential, but anonymous, writer of the article to be for the general good of Europe; but he urges the British Government to be on the alert lest they take a form harmful to British interests.

BERNSTORFF AS PERSONA NON GRATA

It is understood that the British Foreign Office has rejected the nomination of Count von Bernstorff, who was German Ambassador to the United States at the time of the

war, to be German Ambassador in London on the ground that he would be *persona non grata*.

PREPARATORY DISARMAMENT COMMISSION

The Preparatory Disarmament Commission, which adjourned on July 6, assembled again at Geneva on Aug. 2. Two long meetings of the Military Committee on Aug. 4 were devoted to drafting the first paragraph of the preamble to the committee's reply to Question 4, concerning offensive and defensive armament. This paragraph, after being adopted in the form proposed by the American delegation, was so altered by a French amendment as to make it meaningless. As proposed by Admiral Jones the paragraph read:

It is generally recognized that the armaments of the majority of nations—from the viewpoint of those nations—are designed and constructed for essentially defensive purposes, that is, for the purposes of assuring their own national security.

The French amendment altered the phrase "from the viewpoint" to read "from the political viewpoint." It was pointed out by Admiral Jones that armaments might be possessed for political considerations, but could only be designed and constructed on technical grounds. The amendment, however, passed by a vote of 7 to 6, with five abstentions, the Americans abstaining. The French next proposed to add to the paragraph the phrase "in order to fulfill their international obligations." This phrase, making the security of France's allies her own security, was adopted by 7 to 0, with eleven abstentions, the United States not voting, as the matter was no concern of the Washington Government.

Next day, however, a new preamble was adopted, as follows:

Generally speaking, any component elements of armaments which are incapable of mobility by means of self-contained power, or can only be transported after long delay, and are erected within the home territory of a country, can only be used for the defense of that territory.

STEPS TOWARD PEACE

President Nicholas Murray Butler, the head of the Carnegie Endowment for International Peace, has announced that it is about to establish in Paris a new international review, to be called *L'Esprit International*, devoted to the non-technical discussion of political and economic questions. A cooperative agreement has been arrived at with the Institut des Hautes Etudes in Paris and with the Deutsche Hochschule fuer Politik in Berlin with the purpose of creating a clearer and more general understanding of international relations.

Four thousand pacifists from thirty nations, including 900 young Germans, met at Rheims, France, on Aug. 2 for the fifth International Democratic Peace Conference. This peace movement has been growing quietly, but none the less steadily, for five years and has the active support of 114 former Premiers, Cabinet Ministers, Senators and Deputies of France, including Briand, Caillaux, Painlevé and Herriot. Last year's Congress was marked by the participation of Germany and this year she has sent the largest delegation, representing every large German city. Instead of assembling for only a few days the conference decided on an "international peace month" and for three weeks of that time the delegates lived together in a huge "pacifist" camp at Etampes, not far from Paris, for the purpose of discussing every phase of the international peace movement. Since the congress included young men from every large nation, extensive plans were made for engaging the earnest cooperation of the youth of the world in the "no more war" movement. According to its German owners the Chorzow

GERMAN PROPERTY RECOVERED

The decision of the World Court, awarding nitrogen works in Upper Silesia, is very gratifying to Germany, as they believe that the precedent created will enable them to recover from Poland a large amount of property lost through the alienation of that province.

[THE UNITED STATES]

\$1,000,000 Spent in Illinois Primaries

President Coolidge's Political Plans—Farmers' Attack on Congress and Administration for Failure to Provide Relief—Coast Guards Involved in Prohibition Scandal—Nation's Continued Prosperity

By WILLIAM MacDONALD

Lecturer on American History, Yale University

THE interval of a Congressional recess, especially when it happens to cover the larger part of the Summer months, is, as a rule, a comparatively quiet time in American politics, except, of course, in the years in which a Presidential campaign is in progress. Members of Congress whose terms are about to expire are naturally busy with preparations for the nominating primaries or conventions in their several States, and conventions of various kinds are likely to devote some attention to the work of the previous session of Congress and the general policy of the Administration to date, but striking incidents are usually rare. The development of the primary system, on the other hand, has resulted in making August the primary month par excellence, no less than seventeen States holding their primaries during that month. Of that number eight, together with the Texas primary in July, fall within the period covered by this review, although in only four of them was the nomination of a United States Senator an issue.

It was unofficially announced on July 13 that President Coolidge had at that time no intention of taking part in the Fall Congressional campaign. His view, it was understood, was that the President should not inject himself into purely partisan contests, and that the primaries should be allowed to run their course without any attempt on the part of the President to influence their decisions. The announcement did not deter a number of politicians who visited the President at his Summer home at White Pine Camp in the Adirondacks from predicting that Mr. Coolidge would be a candidate to succeed himself in 1928, but no intimation was given that the President himself was considering such

candidacy at the present time. He was reported on Aug. 3, however, the third anniversary of his accession to office, as feeling that the three years of his Presidency had been the most prosperous period in the recent history of the country, and that no signs of a business depression were to be discerned.

Recess criticism of the work of Congress and the policy of the Administration has been directed chiefly at the questions of finance and farm relief. Figures made public on July 12 showed that the total appropriations voted by Congress at its recent session aggregated \$4,409,377,454, or \$470,886,681 more than those of the previous session. Making allowance, however, for an increase of \$197,283,375 granted to the Post Office Department, which regularly has a deficit and whose receipts are used exclusively for the needs of the postal service, the excess of appropriations over those of the previous session was reduced to \$273,603,306. The larger part of the increase voted to the Post Office, it was stated, represented the increased pay voted to postal employes in February, 1925. Other items which were cited to explain the excess included, in round figures, \$173,515,000 for the Veterans' Bureau, \$26,675,000 for roads, \$13,987,000 for public buildings, \$13,167,000 for the prohibition unit, including the Coast Guard, \$10,000,000 for rivers and harbors, and \$5,250,000 for refunding taxes on automobiles and cigars.

Senator Warren of Wyoming, Republican, Chairman of the Senate Appropriations Committee, while praising President Coolidge for "the painstaking and faithful manner in which he has performed his duties under the budget law" and commanding Congress for its devotion to economy,

nevertheless declared that "we have reached a point where increased expenditures are absolutely necessary. The time comes for Governments as well as individuals to expend their money for their own protection and welfare, not extravagantly, but cautiously and with a due regard for the future." On the other hand Representative Byrns of Tennessee, ranking Democratic member of the House Appropriations Committee, denounced "Coolidge economy" as a "myth," and declared that the amount appropriated at the recent session was "a far greater sum than has been appropriated at any session of Congress since 1921, and in that year the Government was spending over \$1,000,000,000 more than at the present time on an army and navy which had not yet been demobilized from war strength, and over \$700,000,000 more on the railroad administration."

THE EMBATTLED FARMERS.

Criticism of Congress and the Administration for failure to provide farm relief legislation, together with consideration of the general condition and prospects of agriculture, engaged the attention of the Corn Belt Committee, representing twenty-eight farm and cooperative organizations in the Middle Western States, and the Committee of Twenty-two, representing business and banking interests as well as farm organizations in eleven States, which met in conference at Des Moines, Ia., on July 19 and 20. One of the objects of the conference was understood to be the planning of a campaign for farm relief on the lines of the Haugen-McNary bill, a measure which carried appropriations of \$375,000,000 but which failed of passage in the last session of Congress. In anticipation of this purpose, and apparently with the hope of preventing the Democrats from making political capital out of the situation, the Chairman of the Republican Congressional Campaign Committee, Representative Wood of Indiana, issued a statement on July 20 in which he asserted that the defeat of the Haugen-McNary bill was due in each house to political combinations "which cleft party lines," as shown by an analysis of the votes, and that the effort to place responsibility for the defeat of the various farm relief proposals "on the

shoulders of the Republican Administration and the industrial East will not stand the test of honest scrutiny."

The two committees, nevertheless, went ahead with their program. Resolutions adopted by the Corn Belt Committee, and approved by the Committee of Twenty-two, condemned "the short-sighted policy expressed by spokesmen for the National Administration, including Secretary Mellon, Secretary Hoover, and Secretary Jardine, which opposes any move to make tariffs effective for agriculture on the ground that to do so would place American industry at a disadvantage in competition with foreign competitors in the export markets of the world." "We favor the removal or modification of unfair and excessive tariff duties that now afford shelter to price-fixing monopolies. It is idle to refer to manufactured articles on the free list as benefiting the farmer when the materials entering into their manufacture are highly and excessively protected." An inquiry into "the activities of Herbert Hoover to dominate and encroach upon the functions of the Department of Agriculture, including interference by Mr. Hoover in the personnel of the department," was specifically called for.

For the purpose of figuring "fair return" and "reasonable profit" it was agreed that the cost of producing a bushel of corn, on an average farm of 160 acres, should be fixed at \$1.42. The calculation of cost, it was stated, included the value of the land, interest, insurance, depreciation of buildings, a yearly wage of \$1,500 for the farmer, and a yearly allowance of \$600 for a commercial motor vehicle. Plans were also laid for a firmer alliance between the Republicans of the corn belt and the Democrats of the cotton belt, and for meetings in the border States during the Summer and Fall for the discussion of farm interests.

In a statement made on July 21, immediately following a visit to President Coolidge, Senator Fess of Ohio, author of the modified bill for farm relief to which President Coolidge gave his approval near the close of the session of Congress, declared that "this movement in the corn belt section is as much a bankers' movement as it is a farmers' movement," and

predicted that it "will disappear as did the greenback and free silver movement in 1896." The Administration, he was quoted as saying, would not yield to the demands of the Western farmers, but would doubtless suggest additional farm legislation at the next session of Congress, probably with a view to strengthening the cooperative marketing system already established.

In spite of Senator Fess's confidence that there would be no Republican revolt against the tariff, more or less authoritative intimations have been given in other quarters that the tariff would play an important part in the Fall campaign. A statement issued on July 19 by Representative Wood, Chairman of the Republican Congressional Committee, was largely devoted to a defense of the Fordney-McCumber tariff as a benefit to wages and agriculture, while Representative Hull of Tennessee, former Chairman of the Democratic National Committee, arraigned the tariff on July 22 as the "seat of the farm disease," and virtually challenged the Republicans to make the tariff the campaign issue this year, particularly in the farming States of the Middle West.

That all is not well with American agriculture appears to be indicated by the appreciable decline in farm population and acreage. The Department of Agriculture estimated in July that 479,000 fewer persons were to be found on farms on Jan. 1, 1926, than at the same date a year before, while the Census Bureau reported on July 28 a falling off in five years of 19,000,000 acres in the area devoted to harvested crops. The area no longer cultivated, representing a decrease of about 5 per cent., was stated to have reverted to pasture or to have been allowed to lie idle. The decline was ascribed by the Department of Agriculture to the depression from which the industry has suffered since 1920.

PARTIES AND CANDIDATES.

The Senate select committee on campaign expenditures, whose investigation of the Senatorial primaries in Pennsylvania and the political activities of the Anti-Saloon League attracted wide attention during the last weeks of the Congressional ses-

sion, reconvened at Chicago on July 26 to investigate the campaign expenditures in the recent Senatorial primaries in Illinois. Figures presented to the committee showed that the cost of the primaries last April was over \$1,000,000, of which amount \$361,091 represented expenditures in behalf of Senator McKinley, Republican, who was defeated, and \$287,251 those of Frank L. Smith, who successfully contested Senator McKinley's seat. The expenditures of George E. Brennan, the Democratic nominee, were \$20,831. To the cost of the Smith campaign is apparently to be added \$171,500 expended by the Crowe-Barrett faction, which in the main supported Smith.

Particular interest attached to the discovery that a group of capitalists representing large public utility interests in Illinois had contributed over \$241,000 to the Smith campaign chest. Roy O. West, Secretary of the organization calling itself the National Republican Party of Cook County, but more familiarly known as the Deneen group, testified that the ward workers of his organization in Chicago had been threatened by thugs, and that the aid of United States marshals had been asked for because police protection could not be obtained. The Department of Justice, he declared, had at first granted the request, but later decided that it had no authority to act.

The defeat of Senator McKinley, it will be recalled, was attributed largely to his support of the World Court. How the World Court issue came to be injected into the Cook County fight was told on Aug. 3 by William Hale Thompson, former Mayor of Chicago, who testified that he demanded the insertion of an anti-World Court plank in the platform, even for county offices, when the Crowe-Barrett faction, which controlled most of the county patronage, "sought his support in exchange for a pledge to back him when he runs for the Mayoralty next Spring."

At the hearing on Aug. 4 Samuel Insull, public utility magnate, and Robert E. Crowe, State's Attorney for Cook County, refused to give any facts about contributions to candidates for county offices in the April primary. As a result Mr. Insull was notified that he would be reported

to the United States Senate and Mr. Crowe received an implied warning that he also would be reported. Both men took the stand that the committee had nothing whatever to do with the funds collected for local candidates, but Senator Reed held that the contributions for these candidates had gone into a "common jackpot" and therefore were inevitably mixed with the funds used for the Senatorial primary, which the committee was authorized to investigate. Mr. Insull, however, admitted that he had presented \$10,000 to the Deneen group. Another witness, called on Aug. 5, who refused to disclose what funds he had contributed or handled, was Mr. Insull's attorney, Daniel J. Schuyler. When the inquiry closed in Chicago on Aug. 5 it was clear from the evidence that the primary expenditures had exceeded \$1,000,000.

A Vare supporter from Philadelphia, Thomas W. Cunningham, who could not be found when the Pennsylvania inquiry was in progress, appeared before the committee at Chicago, but refused, on the advice of counsel, to answer any questions regarding the source of a \$50,000 contribution which he made to the Vare campaign, on the ground that it was a personal matter. He was warned by Senator Reed, Chairman of the committee, that it would be the duty of the committee to report him to the Senate for contempt.

PRIMARIES AND POLITICS

Complete returns showing the results of the State and Congressional primaries held early in August were not in all cases available when this review was prepared. The renomination of Senator Williams of Missouri, Republican, for the long term and the nomination of Representative Hawes, Democrat, as Senator for the short term, were hailed as a victory by the "wets," both nominees being classed as opposed to prohibition. The renomination of Senator Curtis of Kansas and Senator Harrel of Oklahoma, both Republicans, was appar-



LAUNCHINGS ARE GETTING COMPLICATED
—Charlotte Observer.

ently assured, as was the renomination of Montana's two Representatives, one Democrat and one Republican. All the West Virginia Representatives, with the exception of one who was not a candidate, secured renomination. In Kansas, where the question of the Ku Klux Klan divided the Republicans, incomplete returns indicated the defeat of the Klan forces for State offices and the renomination of all the present Representatives.

Political happenings in other States have been, in the main, of local interest, although in a number of instances the question of prohibition has been a prominent issue. The three women members of the House of Representatives, Edith N. Rogers of Massachusetts and Florence P. Kahn of California, Republicans, and Mary T. Norton of New Jersey, Democrat, let it be known on July 11 that they intended to take personal direction of their campaigns for re-election, but that solicitation of campaign funds would be barred. Governor

Pinchot of Pennsylvania, who has ordered the Attorney General of the State to prosecute violators of the Corrupt Practices act in the May primary, urged the citizens of the State on July 13 to demand the enactment by the next Legislature of a stringent law limiting campaign expenditures.

The multiplicity of candidates, many of them little known, taking part in the Ohio primary on Aug. 10 was reported to have roused a strong movement to abolish the primary system and return to the convention plan. The seats of Senators Watson and Robinson of Indiana, both Republicans, were reported at the middle of July to be seriously in danger, and confident predictions were made that the title of Frank L. Smith of Illinois, who defeated Senator McKinley at the Senatorial primary, would be contested, if he were elected, as a result of the campaign fund investigation. Kentucky was reported to be developing strong opposition to Senator Ernst, Republican, who is a candidate to succeed himself, with race track betting, a coal tax, dissatisfaction among the tobacco growers, and prohibition, as active issues. John R. Neal, chief counsel for John T. Scopes in the famous evolution trial, was overwhelmingly defeated as candidate for Governor in the Tennessee primary on Aug. 5.

The sudden death of Judge Martin L. Lueck, Democratic candidate for Governor of Wisconsin, on July 18, was regarded as materially lessening the chances of Democratic success in the State campaign. The leading issue in Montana politics, both Congressional and State, appears to be prohibition, petitions for a referendum in November on the abolition of the State prohibitory law having been oversubscribed. The Iowa Republican convention on July 21 endorsed the economy program of the Administration, notwithstanding the dissatisfaction of the farmers at the failure of farm relief legislation, while the Democratic convention, on July 28, denounced the Administration for its alleged attempt "to industrialize our country at the expense of agriculture" and demanded tariff reduction. David Stewart was nominated on Aug. 6 by the Iowa Republicans to suc-

ceed the late Senator Cummins, who died on July 30.

Miriam A. Ferguson, the first woman Governor of Texas, was overwhelmingly defeated by Attorney General Dan Moody on July 24 at the Democratic primary.

PROHIBITION

Public discussion of prohibition, aside from the bearing of the question upon the State primaries and the Fall elections, has been marked by an absence of the accustomed defense of the system by organizations specially interested in upholding it, at the same time that newspaper investigations have reported widespread disregard of the law even in States which formerly had prohibitory laws of their own. It was reported on July 27 that General Lincoln C. Andrews, who has been in London, had concluded an administrative agreement with the British Government looking to the prevention of liquor smuggling under the British flag, but without any extension of the right of search.

An investigation of charges of corruption and bribery among the Coast Guard forces engaged in enforcing the prohibitory laws on the New Jersey coast had resulted, by July 21, in the suspension of an officer and twenty-three enlisted men of the Coast Guard "on charges of receiving bribes from rum-runners and of openly running and selling rum themselves," and further sweeping suspensions were expected.

Colonel Ned M. Green, Prohibition Administrator for Northern California and Nevada, was suspended from office on July 24. Two days later he was indicted by a Federal Grand Jury on charges of embezzling and converting to his own use liquors held by the Government. An indictment against an alcohol ring, comprising some ninety men of Buffalo and Niagara Falls, was returned by a Federal Grand Jury on July 29.

Although the sale of liquor without Government permission is illegal, it is nevertheless the policy of the Government to collect taxes on illegal sales, when possible, as a form of penalty for bootlegging. Comprehensive regulations for the collection of such taxes, at the rates provided by the internal revenue laws of 1918 and 1926,

were approved by Acting Secretary of the Treasury Winston on July 31, and the assignment of sixty-two agents to this branch of the work was announced.

CONTINUED PROSPERITY

Evidences of general prosperity in the industrial and business world have continued to multiply. A slight curtailment of activity in some of the major industries in June was not accompanied by any marked increase of unemployment in any section of the country, and the seasonal recession in business during the early Summer was less pronounced than during the past three years. Developments in most of the leading lines of business were regarded as reassuring. "A reasonably close balance between production and consumption" was reported to have been attained in the iron and steel industry; the automobile business continued to display unexpected activity; the petroleum industry showed exceptional strength; and commodity prices remained firm. Commercial failures in July were less in number than in any month since October, 1925, and the total liabilities fell below those of any month of the same period except June. A continued rise in the average prices of stocks, culminating at the beginning of August in sensational advances in the stock of the General Motors and United States Steel Corporations, pointed to the large volume of money available for investment or speculation and to the stimulus afforded by low interest rates for call loans. The closing of some 117 banks in Georgia and Florida in July, following the failure of the Bankers Trust Company of Atlanta, was ascribed in large part to the collapse of the Florida land boom.

The position of American foreign trade was somewhat less clear. Figures for the fiscal year ending June 30 showed a decrease of \$111,064,960 in exports and an increase of \$642,559,118 in imports. Secretary Hoover, in commenting upon the figures on July 14, explained the decrease in exports as due primarily to the reduced quantities and prices of cotton and grain exported, while the increase in imports was

ascribed to a larger volume of imported raw materials, "natural in prosperous times," and to higher prices of certain commodities, particularly rubber.

LAKE DENMARK EXPLOSION

A naval court of inquiry which investigated the explosion at Lake Denmark, N.J., on July 10, closed its hearings on July 25. The report, which was made public on Aug. 3, stated that "in the light of all the evidence" the court "cannot conscientiously fix the responsibility for this disaster upon any human being." The amount of loss, at first estimated at \$100,000,000, was fixed at approximately \$47,000,000, exclusive of a small quantity of army stores and a large number of claims of individuals and others. The court recommended that the depot should be rebuilt, but that a smaller quantity of munitions should be kept there in the future.

GOVERNORS' CONFERENCE

The program of the eighteenth conference of Governors, which met at Cheyenne, Wyo., on July 26, for a three days' session, included a number of addresses dealing with State finance and the proper relations between State and Federal authority.

BLUE LAWS IN PHILADELPHIA

Persistent attempts have been made by representatives of religious and other bodies to compel the closing of the Sesquicentennial Exposition at Philadelphia on Sundays. Particular objection was made to allowing the amusement features of the exposition to operate on Sunday in violation, it was alleged, of laws of 1794, prohibiting all "unnecessary" work on that day. An application for an injunction, however, was refused on July 22, and on July 24 an appeal was taken from a fine imposed upon the Director General of the exposition for alleged infraction of the blue laws. It was announced on July 22 that the amusements and exhibits would thereafter be free to the public on Sundays, the charge for admission to the grounds being retained.

[MEXICO AND CENTRAL AMERICA]

Progress in Settling Claims Against Mexico

Economic Situation Favorable—American Scientists Study Disease in Nicaragua—The United States Concludes Treaty With Panama—Cuban War Claims Presented

By CHARLES W. HACKETT

Professor of Latin-American History, University of Texas

In addition to the Church and State conflict in Mexico, which is treated elsewhere in this magazine, important developments occurred during July with respect to the settlement of claims of other nations against Mexico resulting from the Mexican revolution. Ratifications of the claims convention between Spain and Mexico were exchanged at Mexico City on July 7, and announcement was made that the Chilean Ambassador at Washington had been selected as umpire of the Mexican-Spanish Claims Commission. The Mexican Foreign Office announced on July 10 the resignation of Dr. Rodrigo Octavio as umpire of the United States-Mexican Special Claims Commission. The reason given for the resignation was that the high altitude of Mexico City disagreed with Dr. Octavio's health. Announcement was made by the Mexican Foreign Office on July 24 that Dr. Octavio had also resigned as neutral judge of both the Mexican-French and Mexican-German Mixed Claims Commissions. The unwillingness of the French and German Governments to agree to the proposal to remove the headquarters of the commissions to Tampico was given as the cause of Dr. Rodrigo's resignations from these commissions.

An optimistic report upon the economic situation in Mexico and the stability of the Calles Government is found in the annual report of the British-owned Mexican Railway Company, which was presented to the stockholders in London and made public in July. The report states that the Government has "taken a really strong line in effecting economies in every reasonable direction for the last two years"; commends the administration of the Banco de Mexico; gives favorable reports upon the

mining, oil, and sugar industries; and concludes as follows: "The Government of President Calles seems to be more firmly established than any Government since that of General Diaz, and the financial record of the present Administration is a remarkable one."

No serious disturbances were reported at the Congressional elections held in Mexico on July 4, but political differences culminated in the fatal shooting during July of three National Deputies and one Senator.

A recent decision of the War Department removes from the army roster all Generals and other officers who are at present enjoying indefinite leaves of absence. Several hundred officers are reported to be affected by the order.

The death rate among children in Mexico is astonishingly high. According to a recent announcement by Dr. Torres, a member of the Mexican Board of Biological Studies, 200,000 children between the ages of 1 and 10 and 10,000 children under one year of age die in Mexico each year. Ignorance and misery among the poor families are given as the chief causes for the high death rate. The Board of Biological Studies is distributing two million booklets showing how to take care of children.

Panama

A NEW commercial treaty between the United States and Panama, governing the operation of the Canal, which has been under negotiation for the past two years, was signed at Washington on July 28. The treaty was signed by Secretary of State Kellogg and Francis White, Chief of the Latin-American Division of the Depart-

ment of State, for the United States, and the signatories for Panama were Dr. Ricardo Alfaro, Minister to the United States, and Dr. Eusebio Morales, Minister of Finance. According to an official synopsis issued by the Panama Government on July 29 the new treaty stipulates that Panama will cooperate with the United States in all ways possible in the protection of the Panama Canal and will consider herself to be in a state of war in case the United States might become a belligerent in any war. The treaty also provides that American forces may enter Panama territory in times of peace to engage in manoeuvres, and accords the United States the control of the radio and aviation service in Panama. The United States agrees not to set up in the Canal Zone any business which would compete with the commerce of Panama. The commissaries operated by the Canal Government, the railroad and the military and naval forces in the Canal Zone for the civilian and military personnel will be maintained as usual. A reciprocal free importation of goods between the Canal Zone and the Republic of Panama is provided.

Nicaragua

BY the provisions of a new immigration law each immigrant to Nicaragua will receive fifty acres of agricultural land and will be allowed to bring into the country tools and materials free of duty. Immigrants may participate in a Government subsidy for the raising of alfalfa, coffee, chocolate and pineapples.

For the purpose of studying various tropical diseases Dr. D. M. Molloy, Dr. Maurice C. Hall, and Dr. D. C. Augustine, American scientists representing, respec-



THE RASHNESS OF YOUTH
—New York Herald Tribune.

tively, the Rockefeller Foundation, the Division of Animal Industry of the Department of Agriculture and the Medical Department of Harvard University, went to Nicaragua in July.

Cuba

FOR the first time in Cuba since June 12, 1906, the death penalty was exacted when a murderer was garroted in Santiago on July 8. A bill to abolish capital punishment has been pending in the Cuban Congress for seven years.

Official announcement has been made that Cuban claims for damages resulting from the World War total approximately \$10,000,000. These claims will be presented to the Reparations Committee by the Cuban Government. Cuban Charge d'Affaires Hernández Portela has been appointed a member of the commission.

Chile and Peru Seeking Tacna-Arica Accord

*The United States Aiding the Cause of Peace—Growth of Financial Stability
—Argentine Congress Convenes—Brazil's Industrial Crisis—Peru's 105th
Anniversary of Independence*

By HARRY T. COLLINGS

Professor of Economics, University of Pennsylvania

DESPITE the formal closing in June of the Tacna-Arica negotiations between Chile and Peru the press of both North and South America during July was optimistic regarding the resumption of the negotiations and the amicable settlement of the controversy in the near future.

On arriving in New York on July 26 for a two months' vacation in the United States, William M. Collier, American Ambassador to Chile, issued a formal statement to the press in which he said: "When I left Santiago nineteen days ago there was in political, as well as in business, circles manifestation of a very general desire to renew the efforts to settle the matter in this way. I believe that eventually one of the several plans suggested by Secretary Kellogg will be accepted." Ambassador Collier showed himself in no way discouraged because of the failure of negotiations up to this time. He pointed out that while both nations long proclaimed that they would "make no concession of any part of the territory," the good offices of the United States have brought about a temper much better calculated to result in compromise, concession and conciliation. The difficulty has lain in reaching an agreement upon the nature and extent of the concession. Although there was keen disappointment in Chile and some resentment against the United States, Mr. Collier was sure that Chile would soon realize that this country had been sincere in its desire to aid in the settlement of the matter "in strict accord with justice and in a spirit of absolutely unselfish friendship."

"I believe," the Ambassador continued in his statement, "the problem will be solved, because Chile and Peru are realizing that the value of the territory economi-

cally and strategically is absolutely nothing in comparison with the advantages that will flow from a complete reconciliation between these South American republics. I am hopeful that all the nations will quickly make the concessions that are necessary to re-establish that harmony in the Western World which has been so seriously disturbed for half a century."

Although no formal statement was made by any of the participants in the former negotiations, several sets of circumstances in July pointed to a renewal of efforts to adjust the dispute. The call of Señor Cruchaga, Chilean Ambassador in Washington, on Secretary Kellogg lent color to this view, especially as the Ambassador was accompanied by Señor Claro, the Chilean Embassy's expert on Tacna-Arica matters. The decision of Secretary Kellogg to remain in Washington during July and August strengthened the idea of a renewal of negotiations. The Chilean correspondent of *La Nacion* (Buenos Aires) chronicled frequent visits of the Chilean officials to the Bolivian legation in Santiago and interpreted these as implying unofficial conversations in the interest of a settlement of the dispute.

Only two important official pronouncements appeared during July—a protest by Chile against the motion of General Lassiter, and a declaration of gratitude to the United States from the President of Peru. On July 29 the Chilean Minister of Foreign Affairs instructed his Ambassador in Washington to present to President Coolidge a protest against the motion of Major Gen. Lassiter, by which motion the holding of a plebiscite in Tacna-Arica was declared impossible. The protest argued that not even President Coolidge himself, as arbiter, was empowered to make such

a declaration. The document presented data and arguments, arranged by the Chilean delegate, Agustin Edwards, to refute the statements upon which General Lassiter based his resolution against an immediate plebiscite.

President Leguia in his annual message to the Peruvian Congress on July 29 expressed the gratitude of his people to the American nation and their admiration for General Pershing and his work in the Tacna-Arica affair. The message declared Peru's policy in the matter "a triumph tantamount to the recovery of the lost provinces of Tacna and Arica."

South American republics continue to turn attention to national and international finance. Colombia established in 1923 a national reserve bank and Chile set up a modern central bank of issue and discount in 1925. Ecuador and Bolivia have now made provision for putting their money and banking systems on a solid foundation. Columbia, Chile and Venezuela are the only three nations of South America now on a gold basis. A financial mission headed by Professor Edwin W. Kemmerer of Princeton University is to begin a reorganization of Ecuadorean finance in October and Professor Kemmerer has recently signed a contract to perform a similar service for Bolivia at the conclusion of his work in Ecuador. The President of Bolivia has recently appointed a local commission, headed by Leon M. Loza, to prepare data and documents for the use of the financial advisers.

The Pan American Union has undertaken preparations for the Third Pan-American Commercial Conference which is to meet in Washington in May, 1927, for the purpose of considering questions affecting the commercial relations of the Americans. At the same meeting of the Governing Board of the Pan American Union the month of May, 1927, also was designated as the date for convening the Inter-American Commercial Aviation Commission, provided for in a resolution



MAKING IT TOO HOT FOR UNCLE
—Sioux City Tribune

adopted at the Fifth Pan-American Conference at Santiago, Chile, in 1923. The object of the aviation meeting is the consideration by experts of routes, landing stations, customs duties, and general regulations for inter-American control.

Argentina

THE National Congress convened on July 1, two months after the date prescribed by constitutional provision. The delay was censured in the Argentine press. *La Prensa* ascribed the congressional disorganization to the "incompetence of the majority of the legislators to deal with matters of State in a manner befitting modern legislation." President de Alvear attended the opening session at which he read portions of his annual message. The keynote was an appeal to Congressmen to prove their patriotism by attending to their legislative tasks. The presidential program has been blocked for months by political opponents. Alluding to his activities the President affirmed that as Chief

Executive he was above political passion and his official acts were carried on without partiality.

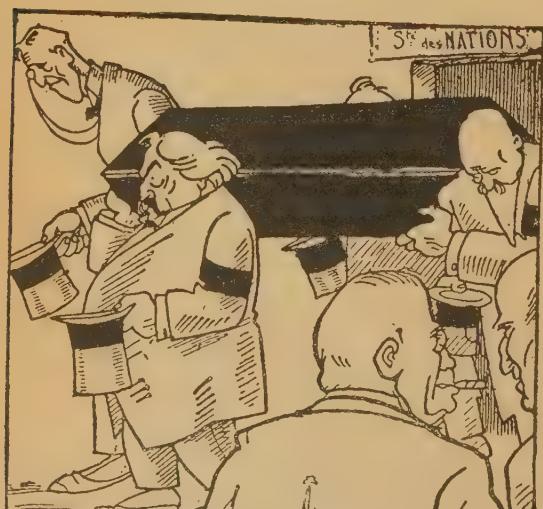
In discussing foreign affairs the message pointed out the necessity for a congressional decision regarding Argentina's attitude toward the League of Nations. The growing importance of foreign relations was evidenced by the visit of the Prince of Wales, by the recent transatlantic trip of the Spanish aviators, and by the unveiling of the statue of San Martin in Washington. President Alvear recommended that the diplomatic representatives of Argentina in Italy and Mexico be elevated to the rank of Ambassador.

Brazil

THE steadily improving exchange value of the milreis during the last nine months is creating an industrial crisis in Brazil. President Bernardes has consistently held to a policy of deflation during the past year; business men ascribe the present stringency to this policy. There is little likelihood of a change in the policy, however, as the Chief Executive desires to see a firm rate of exchange established at the expiration of his term of office in November.

The coffee market has not yet been appreciably affected, because the present turnover is largely liquidation of previous sales which were closed when growers received nine or ten milreis to the dollar instead of the present six or seven. The Brazilian sugar industry is in a precarious condition. The high tariff on imported sugar has enabled local growers to sell at a price higher than that prevailing in the world market. But producing a surplus which they cannot sell abroad, local stocks are piling up. This in turn has caused credit difficulties with banks holding large amounts of paper and is understood to be the cause of the failure of the Bank of Recife in Pernambuco. Excitement prevailed there when this bank filed a petition in bankruptcy with assets having a book value of \$4,000,000 and liabilities of approximately the same amount.

The Amazon rubber trade is also affected by the improved exchange rate, because the value of exported raw rubber has been reduced (in terms of local currency) to a point where there is not sufficient return to pay for the labor. The textile industry in Sao Paulo is in difficulties because mills are no longer protected by the tariff. It is possible with the present exchange rates to import textiles from the United States and England at prices below those at which local men can afford to produce. Sao Paulo mills which purchased raw materials at high quotations, have been caught with heavy stocks and are reluctantly unloading. Working hours are limited to four days per week, which results in labor unrest. The rise in the value of the milreis has been so rapid that general commodity sales have fallen off 50 per cent. in the last nine months, and bankers have become apprehensive. President Bernardes assured a committee of Sao Paulo business men on July 7 that he realized the gravity of the situation and would not force the exchange. No one criticizes the deflation policy of the President. It is defensible and a necessary stage in the return of Brazil to economic stability.



A DEATH IN THE FAMILY
Brazil has resigned from the League of Nations.
—Krasnaia Gazette, Moscow.

Chile

CHILE passed through a period of re-adjustment in the fiscal year ending June 30, 1926. The abnormal political situation arising from the revolution of September, 1924, and from the resignation of President Alessandri in October, 1925, disturbed public confidence. Despite the peaceful resumption of a constitutional form of government the return to normalcy was slow. The necessity for heavier payments under the new tax laws decreed during the revolutionary period (September, 1924, to December, 1925) and the uncertainty which arose from frequent changes in their provisions constituted a further disturbing factor. Negotiations over the Tacna-Arica area also hindered the return to political stability. For the purpose of handling these negotiations Señor Mathieu, for years Chilean Ambassador in Washington, returned home last January to become Minister of Foreign Affairs in the Cabinet of President Figueroa. When these negotiations failed in June Señor Mathieu resigned his portfolio. The Chilean Minister in Bolivia, Señor Manuel Barros Castañón was invited to become his successor, but on July 30 declined because of the attitude of the radical party in Chile.

The establishment of the National Reserve Bank and the consequent stabilization of exchange brought about favorable results in financial circles. To reduce the present annual service charge on the internal and external loans President Figueroa recently announced his intention of consolidating government obligations into one or more long-term loans.

Peru

THE Republic of Peru commemorated the 105th anniversary of its independence on July 28. The celebration in Lima took on an unusual aspect because of patriotic outbursts demanding the return of Tacna and Arica to Peru. The anniversary was also observed at the Sesquicentennial Exposition in Philadelphia with Hernán Velarde, Peruvian Minister in Washington, as guest of honor.

On the anniversary of Independence Day the National Congress convened in regular session. President Leguía's message dealt chiefly with the state of domestic affairs, signalizing improvements in railroads, roads, sanitation and education. The President also recommended the creation of a government corporation for the development of the domestic coal fields.

[THE BRITISH EMPIRE]

Britain's Enormous Losses Through Strike

Estimated Cost to Industries of £150,000,000—Election Campaign in Canada

—New Zealand's Prosperity —Indian Credit Improved

By RALSTON HAYDEN

Professor of Political Science, University of Michigan, and

JAMES K. POLLOCK, JR.

Department of Political Science, University of Michigan

WHEN Parliament adjourned on Aug. 4, there was still no sign of an end to the coal stoppage in Great Britain. Despite certain promising indications, both the miners and the coal owners remained adamant on the main points in dispute. A deputation representing the Anglican and Free Churches had an interview with Prime Minister Baldwin

in order to urge him to take up their proposal for a resumption of work on the old wage and hour basis for a period of four months, with the Government to agree during this period to pay a subsidy. The Prime Minister in no way receded from his former position and the deputation could not get him to agree to the paying of a subsidy. There was considerable criticism of

his refusal because the Church leaders had secured the acceptance of their proposal by the miners, and it was thought possible to proceed along these lines with some hope of success. Mr. Baldwin took the position that the terms and conditions on which work could be resumed in the coal mining industry were not within the power of the Government to determine, but could be settled only by agreement between the owners and the miners.

A Delegates' Conference of the coal miners met in London and decided to refer to a ballot of miners themselves for ratification the proposal which had been submitted to the Government. Meanwhile, the coal owners have reopened their pits except in one poor district, but out of the more than a million miners who were idle only a few hundreds returned to work the eight-hour day. The men remained solidly loyal to their federation. Although the strike has been a severe drain on the finances of the federation, it was disclosed in Paris that a total of nearly \$3,500,000 had been received by the British miners from all sources, including \$2,100,000 which had been contributed by the Russian Soviet Government.

Arthur M. Samuel, Parliamentary Secretary for the Overseas Trade Department, replying to a question in the House of Commons on July 26, said that the coal stoppage and the recent general strike cost British industries about £150,000,000. It is quite clear that the strike has checked the recovery in Great Britain. So long as the strike lasts, Parliament will have to meet each month as a result of the Emergency Powers act of 1920, regulations under which can be enforced for only a month at a time.

During the month under review Parliament enacted the Defaulting Guardians bill which gives the Government the power to appoint its own Poor Law officials in the localities where this is necessary. The enactment of the law was occasioned by the refusal of the Board of Guardians of West Ham to reduce the rates for outdoor relief which were considered unreasonably high. A rather heated debate took place in the Commons over the question of the company directorships of Ministers. Neville Chamberlain, the Minister of Health,

was the person against whom the remarks were directed. The Laborites moved that a select committee be appointed to make an inquiry into the matter, but the motion was defeated.

Mr. Baldwin has promised a deputation of Tory peers and members of Parliament that he is going to undertake the reform of the Second Chamber before the passing of this Parliament. The Prime Minister also announced the date of the Imperial Conference—Oct. 5—and gave a general outline of the agenda.

Lord Weir's committee on the amalgamation of services common to the Navy, Army and Air Force has published its report. The committee was appointed four years ago. It was not called upon to inquire into the question of amalgamating the services under a Defense Minister, but only to discover whether analogous administrative branches in the Navy, Army and Air Force, such as the medical, chaplain and supply services could be fused. In all cases the committee finds that little or nothing can be done.

Mr. Churchill announced on Aug. 3 that the Government had come to the definite conclusion that it was contrary to the public interest that associations of civil servants should be affiliated with outside industrial and political organizations and that it was intended to advance legislation to deal with the matter. The Government, it was understood, did not object to members of the civil service combining for their own protection, even in trade unions, but held that there must be no combination with outside bodies.

Miss Margaret Bondfield, the first British woman to hold Ministerial office, was again elected to Parliament at a by-election at Wallsend. Miss Bondfield served as Parliamentary Secretary to the Minister of Labor in the MacDonald Labor Government.

Ireland

THE Free State Cabinet has continued to give evidence of its determination to handle the affairs of the country in an orderly and satisfactory way. Recent by-elections have shown little real change in public opinion. But there is an increasing tendency toward division of the elec-

torate into small parties. It is only natural, however, that a tendency toward the two-party system should come slowly. The Government has appointed a private committee to review the Constitution of the Free State. This step has been taken in view of the fact that the period during which the Constitution can be altered by direct legislative action will shortly expire.

News from Ireland tells that the Labor parties of the Free State and Ulster have signed an agreement for a common all-Ireland labor policy. The agreement provides that the Labor Party of Northern Ireland shall remain an autonomous body with its own executive and with full authority concerning labor's political activity in the six counties of that section.

Canada.

THE new Conservative Government, which was sworn in on July 13, was constituted as follows:

ARTHUR MEIGHEN—Prime Minister and Secretary for External Affairs.

Sir GEORGE PERLEY—Secretary of State.

R. B. BENNETT—Minister of Finance.

HUGH GUTHRIE—National Defense.

E. L. PATERNAUDE—Justice.

H. H. STEVENS—Customs.

S. F. TOLMIE—Agriculture.

W. A. BLACK—Railways.

R. J. MANION—Postmaster General.

J. D. CHAPLIN—Trade and Commerce.

GEORGE B. JONES—Labor.

E. B. RYCKMAN—Public Works.

Sir HENRY DRAYTON, DONALD SUTHERLAND, H. D. MORAND and JOHN A. MACDONALD—Ministers Without Portfolio.

The portfolios of Marine and Fisheries, Interior, Immigration, and Colonization, Health, Soldiers' Civil Re-establishment, and Solicitor General are left unfilled for the present, Mr. Patenaude acting as Minister of Marine and Fisheries, Mr. Bennett taking charge of the Interior, Dr. Morand of Health and Soldiers' Civil Re-establishment, and Sir Henry Drayton of Immigration and Colonization. In the absence of Premier Meighen during the campaign, Sir Henry Drayton is Acting Prime Minister.

The general election will be held on Sept. 14. The Liberal Party is apparently

making the Constitution the important issue in the campaign. Mackenzie King, former Prime Minister, has been attacking the Conservatives for "usurping power" and "insulting Parliament" and "violating the Constitution." Opening the campaign in Ottawa, he said: "Mr. Meighen says there is no constitutional issue. Let me tell the present Prime Minister that he will find before the present campaign is over that there is a constitutional issue greater than any that has been raised in Canada since the founding of this Dominion." There are indications that the canvas is becoming exceedingly warm, and it appears that the connection between Canada and the Mother Country is coming in for considerable discussion because of the action of the Governor General in refusing the former Prime Minister's request for a dissolution.

Australia

PRIME MINISTER BRUCE has secured the adoption by the Commonwealth Parliament of two bills designed to give it fuller constitutional authority to deal with industrial disputes. The first of these bills is to make the Federal Industrial Arbitration Court the final industrial tribunal with power to overrule every other industrial authority. The second bill is to give the Commonwealth Government the power to provide food and other necessities whenever the safety of the State is threatened by a strike. In Australia each one of the six States has machinery of its own to regulate wages and the major industries are governed by from six to a score of awards for different groups of workmen. For the last twenty years the Australian trade unions have been able to take their disputes to two courts of arbitration—Federal and State—and to choose whichever granted them more favorable awards. Both of Mr. Bruce's bills involve amendments to the Constitution, which can be ratified only by national referendum. The vote will take place on Sept. 4.

Dr. Page, the Federal Treasurer, in the course of his budget speech in the House of Representatives, stated that there was a surplus of £286,000 after providing £1,000,000 for naval construction, £250,-

000 for special air services, £250,000 for scientific industrial research and £1,000,000 for special debt redemption. The grant for main roads in the budget totals £20,500,000. This expenditure is to be spread over ten years, during which the States will also spend £15,000,000 on national road development.

New Zealand

THE present Prime Minister, J. G. Coates, has been in office almost exactly a year. In this time great improvement has been brought about in the railway service. Main highways have also been improved and constructed until one can travel the length and breadth of New Zealand on first class roads. Hydro-electric stations have been pushed on to completion. Mr. Coates is distinctly a business man, and although several portfolios in his Ministry have not yet been filled he has continued to do much detailed, routine work himself because he has not been able to be satisfied with possible persons who have been suggested to him for office.

Downie Stewart, the Minister of Finance,

presented the budget for the year. He stated that last year's surplus was largely due to the increased customs revenue, and should not be regarded as a basis for reducing taxation. He pointed out that the sum of £414,000 was used for debt reduction, and £500,000 was transferred to public works. Last year a sum of £7,180,000 was expended on capital works. In concluding, the Minister predicted that the principal difficulty confronting the country—namely, the trade balance—would be only temporary.

India

RIOTING has continued in India, assuming serious proportions on July 15, when in Calcutta at least eight persons are known to have been killed in the northern part of the city. The immediate cause of the breaking of a week's acute tension was music before a mosque. A Hindu procession closely guarded by the police was attacked by Moslems and the police were forced to take severe steps in order to quell the disorder. Rioting was renewed on July 20 when a Mohammedan gathering and procession were attacked.



JOHN BULL AND SELFDETERMINATION

Naturally! Selfdetermination! I favor it! But how can any one want to be anything other than British?

-Kladderadatsch, Berlin

The beginning of the Muharram festival, opening the Mohammedan year, seemed to be the signal for guerrilla warfare between Hindus and Moslems.

It was revealed in London that Russian emissaries had been attempting to start revolutionary movements in India. A consignment of bayonets has been intercepted, and Bengal revolutionaries have been jailed for spreading propaganda inciting to disorder.

Despite the disorders that have taken place, Lord Winterton, Under Secretary for India, in reviewing the Indian situation for the past year in the House of Commons, declared that the situation from the British viewpoint has greatly improved. India now has a balanced budget and sound credit and in general the outlook is hopeful. The one black spot in the picture is the Hindu-Moslem quarrel, which is causing real anxiety.

[FRANCE AND BELGIUM]

Poincaré Forms Coalition Government

Briand and Herriot Ministries Fall—Poincaré Introduces Drastic Stabilization Measures—Moroccan Treaty Ratified by France and Spain—Belgian Parliament Makes King Temporary Financial Dictator

By CARL BECKER

John Stambaugh Professor of History, Cornell University

THE event of the month was the fall of the Briand Cabinet on July 17 and the formation, after a two days' interim Government under Edouard Herriot, of a Ministry of National Union under Raymond Poincaré, on July 23.

The Briand-Caillaux Ministry, as already stated, staked its existence on a ratification of the American debt agreement and more especially on a grant of extraordinary powers. The precariousness of the Ministry was forecast by the fall of the franc to 40.80 on July 15, and to 42.49 on the day following, when it became known that the Finance Commission of the Chamber had approved the bill for extraordinary powers by a vote of only 15 to 10, with 13 members abstaining. The bill for extraordinary powers contained two articles, the first authorizing the Government until Nov. 30, 1926, to legislate freely by decree for the stabilization of the franc, and the second providing that of these decrees all such as affected taxes should be presented to Parliament for ratification at its first session in 1927. The bill was presented to the Chamber on July 17, and after a long and passionate debate, with the temperature at 102 degrees, was rejected by a vote of 288-243. The rejection was carried by a

combination of Socialists, the Marin Nationalists and the left wing of the Radical-Socialists. Herriot explained that he voted against the bill because his conscience would not permit him to vote for the practical abdication of Parliamentary institutions. "What the country wants you to do," he said, "is to cooperate with Parliament and not to suppress Parliament." In a passionate reply, Premier Briand said that he was a republican too, and that he had a conscience as well as Herriot, but that in his opinion the measure would strengthen Parliamentary institutions, and that what the country wanted was for the Parliament to cooperate with the Government. Louis Marin, speaking for the Nationalists, based his opposition on two grounds. Like Herriot, he said that Parliament could not surrender its responsibility in financial measures, and if ever it did do so it would not place power in the hands of Caillaux. Addressing the Finance Minister directly, he said: "There may be men to whom we could give full powers, but it would not be to you."

Two days after the resignation of Briand's tenth Ministry, Herriot succeeded in forming a Ministry composed of the following men, taking the Ministry of Foreign

Affairs himself in addition to the Premiership:

ANATOLE DE MONZIE, Finance.
MAURICE COLRAT, Justice.
PAUL PAINLEVE, War.
RENE-RENOULT, Marine.
CAMILLE CHAUTEMPS, Interior.
LOUIS LOUCHEUR, Commerce.
ANDRE HESSE, Public Works.
EDOUARD DALADIER, Education.
ANDRE QUEUILLE, Agriculture.
ADRIEN DARIAC, Colonies.
LOUIS PASQUET, Labor.
GEORGES BONNET, Pensions.

Without distinction except for the names of Herriot, Loucheur and Painlevé, no one supposed that the Ministry could last long. Not all of Herriot's own party was behind him, the entire Right and Centre were in opposition and the Socialists' support depended upon the capital levy as its chief measure. The press was generally hostile and contemptuous, and on July 18 the franc fell to 47.17, and there was a general rush to buy any and every kind of durable commodity. On July 20 a petition, signed by 251 Deputies, was presented to President Doumergue, asking for the formation of a coalition Government. On July 21 the new Premier presented to the Deputies his program which vaguely proposed that stabilization should be brought about, not by foreign credits, but by a "special tax on all assets." The Government was then defeated by a straight vote of Right and Centre against the Left, the count being 290-237.

Thereupon, President Doumergue called upon Poincaré to form a coalition Government. The task was a difficult one, apart from the fact that the Treasury was virtually without funds, and that the advances which the bank had made to the State had already practically reached the legal limit of 38,500,000,000 francs. To meet this situation the Chamber on July 21 authorized the use of the remainder of the Morgan loan (approximately \$30,000,000) for State purposes. With the franc at nearly fifty to the dollar, this gave the Government 1,500,000,000 francs with which to meet expenses in August totaling some four billions. Faced by this situation, French politicians did what they have often done before—they temporarily

abandoned their differences in order to deal with a common danger. Poincaré was therefore able to form a Ministry of real distinction, a Ministry of all the factions. The new Government, which took office on July 23, with M. Poincaré as Premier and Minister of Finance, numbered among its members six former Premiers. The list follows:

ARISTIDE BRIAND, Foreign Affairs.
LOUIS BARTHOU, Justice.
PAUL PAINLEVE, War.
GEORGES LEYGUES, Marine.
EDOUARD HERRIOT, Public Instruction.
ANDRES FALLIERES, Labor.
ALBERT SARRAUT, Interior.
ANDRE TARDIEU, Public Works.
MAURICE BOCHANOWSKI, Commerce.
ANDRE QUEUILLE, Agriculture.
FRANCIS LEON-PERRIER, Colonies.
LOUIS MARIN, Pensions.

The immediate effect of the formation of the Poincaré Cabinet was to restore general confidence and to abate the hectic excitement of the preceding week. A rise of the franc immediately ensued, the quotation for Aug. 4 being 36.07. On its first appearance before the Deputies on July 27 the new Government received a vote of confidence of 358 to 131, being supported by practically every group except the Socialists and the Communists.

Premier Poincaré's fiscal program, which was at once sent to the Finance Commission of the Chamber, provided for 2,500,000,000 francs increase in the revenue this year and 9,000,000,000 francs increase next year, to be raised chiefly by drastic increases in the taxes on imports and on railroad and motor transportation, and by considerable increases of the taxes on foreign investments and on direct inheritance. Relying upon the argument that delay would be disastrous, the new Premier succeeded in rushing the tax bill through the Chamber of Deputies on July 31, and through the Senate on Aug. 3, with but little debate and by large majorities, thus completing the first stage in the program of stabilization. On Aug. 5 Premier Poincaré carried through the Chamber of Deputies two drastic measures, one creating a sinking fund of 49,000,000,000 francs in short-term bonds, and the other authorizing the Bank of France to purchase

gold and foreign currencies in the open market, to be used, if desirable, to back additional note issues, and on Aug. 7 the Senate passed them. The sinking fund provision was incorporated in the Constitution by the National Assembly of the Senate and Chamber, meeting jointly at Versailles on Aug. 10 by a vote of 671 to 144.

On July 28 Premier Poincaré announced that the ratification of the American debt agreement would not be made a part of the stabilization program, intimating that the question would be postponed for the present, and in the meantime an attempt would be made to obtain from the United States Government an accompanying letter promising that if the German reparations fell below 50 per cent. of the anticipated normal amounts, the United States Government would reconsider the terms of the settlement. Since that time it has been persistently reported that the Government would ask Parliament to ratify the Washington and London settlements before the vacation.

On Aug. 2 the Government paid the United States \$10,000,000 interest on the debt of \$407,000,000 contracted by the purchase of American war supplies, which will, however, be credited under the Mellon-Berenger agreement if it is finally ratified.

On July 13 the French and Spanish Governments formally approved the Moroccan treaty, the preliminaries of which were signed on July 10. The treaty settled the questions growing out of the recent Riffian war, and supplemented the Spanish-French Convention of Nov. 27, 1912, providing for the active cooperation of the two countries in the affairs of Morocco. It provided for: (1) a new delimitation of zones, upon which a commission



Marianne: In destroying the old Bastile the new France was born. If we can destroy this the new franc will be born.
—*Il Travaso, Rome.*

is already at work; (2) the continuation of joint "naval vigilance" in enforcing international regulations in the region of Morocco; (3) joint action in preserving peace on the frontier among the native tribes.

On July 15, French foreign trade showed a deficiency on the export side of 2,691,000,000 francs for the first half of the year 1926, whereas a year ago there was an export surplus of 2,570,000,000 francs.

On Aug. 2 it was reported that the German dye trust had obtained a controlling interest in the Kuhlmann Company, the second largest dye company in France. The report created much excitement in business and political circles because of the bitter competition between the two countries in this field and because it indicated that the depreciation of the franc was offering tempting opportunities to foreigners to purchase stock in French companies at an extremely low figure. Accordingly on Aug. 4, a special measure was introduced in the Senate granting French stockholders of French companies ten votes for every single vote cast by foreign holders. Moreover, the directors of the Kuhlmann Company authorized the issuance of 100,000 new shares of stock, which must be

registered to have the right of plural voting, in an effort to restore control of the concern to French hands.

Belgium

IN Belgium as in France the chief interest of the past month has centred about the question of the stabilization of the franc. To accomplish this the Belgian Parliament did what the French Parliament was unwilling to do—it temporarily abdicated power by conferring upon the King full power to issue decrees to effect such stabilization. The bill making the King financial dictator was voted by the Chamber and Senate on July 13 and 14 by very large majorities. The immediate effect of the measure was that the franc, which on July 12 was quoted at 230 to the pound, rose on July 14 to 202 to the pound.

The measures to be effected by royal decree were in preparation by an expert financial commission appointed to advise the King. The program of the commission involved drastic economies in Government

expenditure, and one of the first steps in this direction was the bill, passed by the Chamber of Deputies on July 17, providing for the "industrialization" of the State railways—that is, turning the railways over to private control and operation.

It was reported on July 23 that decrees were being prepared authorizing business transactions in terms of gold prices and permitting balances and inventories to be figured on a gold basis. On Aug. 1, the King ordered the holders of Treasury bonds to exchange them for preferred stock of the National Railroad Company, which has taken over the State railways. The company has twenty-one directors chosen by the King from the leading men of the country. In order to meet the obligations of the Government in respect to the internal floating debt, two billions in preferred stocks of the National Railroad Company earning 6 per cent. interest and an additional dividend of 3 per cent. were offered. These shares are guaranteed against exchange fluctuations on the basis of 175 francs to the pound.

[GERMANY AND AUSTRIA]

Germany Regaining Her Former Prestige

Democratic Party Split—Payment of Reparations—Growth of Steel Trust—Criticism of League Control in Austria—New Trade Agreements Advocated

By HARRY J. CARMAN

Associate Professor of History, Columbia University

MR. STRESEMANN, German Minister of Foreign Affairs, in a speech to the German People's Party on July 4, declared that since the year 1918, conditions in Germany, both in regard to domestic and foreign politics, had fundamentally changed and improved. The healthy feeling of the German people had brought them back to constitutional methods, and notwithstanding many setbacks, the people were turning to the parties that advocated the consolidation of the State. Nothing showed the extent of the change better, he said, than the constant growth in the savings bank deposits, which proved that the confidence of the

nation in the German currency had been restored. This consolidation also was progressively observable in the country's foreign relations. Until recently, intercourse with Germany had been carried on by means of ultimatums and threats. It was now considered to be a matter of course that Germany collaborated on an equal footing with the other Great Powers in the solution of great international problems.

This new position on the part of the Reich was manifested in its attitude toward several notes received from the Interallied Military Control Commission dealing with the progress of German disarma-

ment. In substance the notes indirectly charged that the previous demands of the commission that the German Army be placed under a responsible War Minister had not been fulfilled. General von Seeckt, the commission maintained, though no longer formally Chief of Staff, was still actually in control, and it insisted that an Inspector General be placed over him. In Nationalist circles this new demand caused considerable stir, but Chancellor Marx, on July 16, declared that it was unworthy of the Cabinet's attention.

Obedience on the German Government's part to the dictates of the Interallied Control Commission would result in an ultra-reactionary monarchist commanding the German Republic's army, according to the *Berliner Tageblatt*, which declares that fulfillment of the commission's demands for an Inspector General at the head of the Reichswehr would mean the appointment of General von Lossberg, now commanding one of the two German army corps, and the relegation of General von Seeckt, the present Commander-in-Chief, to a position of insignificance. "Even in anti-Republican circles," said the *Tageblatt*, "General Lossberg is regarded as so embittered a 'Right' radical and so violent an antagonist of the present State that to place in his hands the most important weapon of the republic is wholly inconceivable. The old imperial officers, too, share this view. During the period of martial law General Lossberg's attitude toward the civilian authorities was such as to convince them that no constitutional guarantees existed for him. His elevation to the supreme command would lead to a dangerous crisis in domestic politics."

Recently, General von Seeckt began preparations for extensive manoeuvres of the German army to be held in Württemberg in September. Today von Seeckt is regarded as the most powerful and least advertised figure in Germany. It was well known that when Hindenberg became President he contemplated von Seeckt's removal from the Reichswehr command, owing to strained relations existing between the two men since the war days.

The division in the ranks of the Democratic Party of Germany was brought sharply into relief during the campaign

for the expropriation of the properties of the former Kaiser and the other former German rulers, when Dr. Hjalmar Schacht, President of the Reichsbank, left the organization because of what he called its equivocal stand on the referendum. A possible disintegration of the Democratic Party is welcomed by both the Right and Left politicians, the Socialists hoping to gather in the lion's share of the former Democrats, while the Centrists and People's Party leaders expect to be able to win the adherence of the more prosperous and conservative elements. The big newspapers supporting the organization, including the *Berliner Tageblatt*, the *Vossische Zeitung* and the *Frankfurter Zeitung*, assert that there is no immediate prospect of a party break-up.

The report of the Agent General for Reparation Payments on June 15, 1926, gives a detailed presentation of the working of the Dawes Plan. During the first nine months of the second annuity year, that is to June 1, 1926, Germany paid an aggregate of 821,425,066 gold marks. These payments may be summarized as follows:

	Gold Marks
Interest on German Railway bonds	400,000,000
Budget contribution	190,000,000
Interest on German industrial debentures	62,500,000
Transport tax	168,925,066.29

Total 821,425,066.29

Divided among the different Powers, once the prior charges, such as 92,260,000 gold marks for the service of the German external loan and the 23,300,000 gold marks for the costs of inter-allied commissions, have been subtracted the different Powers received the following sums:

	Gold Marks
France	589,981,000
British Empire	238,815,000
Italy	85,052,000
Belgium	102,584,000
Yugoslavia	42,562,000
United States	19,552,000
Rumania	9,590,000
Japan	6,371,000
Portugal	6,371,000
Greece	3,398,000
Poland	164,000

Total 1,104,440,000

That Germany's economic situation is still far from satisfactory was demon-

strated when the foreign trade figures for June showed an unfavorable balance of 35,000,000 gold marks. In November, 1925, excess of imports, which for some time previously had been heavy, was reduced to 60,900,000 marks. In December, 1925, the figures showed, for the first time since August, 1924, an excess of exports amounting to 27,700,000 marks. This export balance increased each month until it reached 277,800,000 marks in March, 1926, but thereafter it began to decline. June, however, was the first month this year that Germany's imports exceeded her exports.

The Steel Trust, backed by international and domestic capital, advertised by a wild Bourse boom and heralded by a marked revival in productive activity, was the business sensation during July and August. The shares of the component trust companies during the first week in July rose to four times their lowest level of 1925, Gelsenkirchen touching 116, against a little over 40. Not only was the trust's bond issue in Berlin fully subscribed in five minutes, but it was complained that American investors had subscribed for too large a share and deprived Germans of a brilliant investment and speculation.

The trust is undoubtedly the greatest achievement in industrial concentration so far attempted in Europe, and a new step toward the Americanization of European industry, with the difference that in Germany the State furthers rather than impedes amalgamation. In the opinion of many observers, it presents a strong contrast to the lack of a guiding mind and the dispersion of forces prevailing in the steel industry of Great Britain, where these unfavorable factors prevent a settlement of the coal dispute and retard the long discussed formation of the international steel syndicate.

Unemployment in Germany reached a high level in February, 1926, when the number of those receiving public assistance was 2,055,928. Since then the figure has declined about 300,000, with a consequent rise in the number of registered employes.

The Government proposes to raise a loan of at least 200,000,000 marks for unemployment relief, for work on railroads,

canals, electric projects and housing for agricultural labor.

On July 2 Chancellor Marx avoided a threatened Cabinet crisis and Reichstag dissolution by withdrawing the Government's bill for settling the claims of Germany's former ruling houses. Both the Socialists and the Nationalists refused to support the measure. The Reichstag then hurriedly enacted the *Sperrgesetz* (bar law) which prevents the courts from rendering decisions on the claims of the ex-rulers. This law is valid until the end of the present year. Thus, after more than six months' argument the question as to what belongs to the Hohenzollerns and other ex-reigning families and what is State property is still unsettled.

"Colonial Week," which is designed to emphasize Germany's right to possess colonies, began in Hamburg on Aug. 1 with the demand for the full restoration of all overseas territories belonging to the German Empire. This demand was voiced by Ministerial Counsellor Zache, Chairman of the Hamburg Colonial League, who charged that Germany's African and other possessions were stolen from her "through hostile greed," and declared that acts and not gestures were required to regain them.

Austria

ACCORDING to the Vienna *Arbeiter-Zeitung*, chief organ of the Austrian Social Democratic Party, Dr. Alfred Zimmermann, High Commissioner of the League of Nations for Austria, on June 30 left that country a defeated man. Frankly admitting that he had put the Austrian Republic firmly on its feet financially, that journal contends that he failed to put through the bourgeoisie program expected by Austrian business men. On July 6 the paper editorially declared that only Socialist opposition blocked several attempts of the High Commissioner to limit or suspend the powers of Parliament in the supposed interest of efficiency:

For three and a half years we German-Austrian Social Democrats—we alone—carried on the battle against Zimmermann. It was a national battle in the best sense of the word, a battle for the independence of the republic, for the right of

self-determination, for the honor and dignity of the German-Austrian people against the man set over it by foreign financial powers.

When the editorial was called to Dr. Zimmermann's attention he said the *Arbeiter-Zeitung* was not a newspaper of great importance outside of Austrian Socialist circles, and that the Social Democrats in Vienna were a minority group. He admitted, however, that they were extremely active and that during his three and a half years as League Commissioner he had to fight them at every turn.

One of the most significant proposals for peace and friendship in Central Europe was made in July when the Austrian Committee of the Vienna Chamber of Commerce submitted a report to the Committee on Trade Barriers of the International Chamber of Commerce. Excerpts from the report follow:

In pre-war times European countries were connected by a network of trade treaties, which in their totality represented a system, based on the greatest possible liberty, of generally recognized principles governing international commerce and traffic. That network of treaties was torn by the war. Endeavors to mend it have been made since, but they have remained fragmentary and incomplete because the present treaty system by no means comprises all the States which were in treaty relations with one another before the war; also because it does not confer on the contracting parties the same amount of liberty and security in regard to international exchanges as was the rule in pre-war times. At present, import prohibitions have not yet been completely abolished and a large number of commercial treaties either do not contain any tariff agreements at all, or, where they have been inserted, they refer to a relatively small number of tariff rates, compared with the position which existed before the war.

The report then goes on to suggest remedies. The idea of a great European Customs Union or even a Customs Union for the States of Central Europe it pronounces as utopian. The simplest solution, it believes, would be by a collective treaty signed by the States of Europe. The committee suggested that such a treaty should cover, among others, the following points:

1. The principle of freedom of commerce and traffic between the territories and natives of the signatory States.
2. The definition of the personal legal status

of foreigners, and of their right of sojourn, and establishment of their right to exercise a calling or a profession and to carry on commerce or trade. The regulation of the legal status of joint stock companies and other commercial, industrial or financial companies and partnerships, including insurance companies, and the conditions on which they shall be admitted to transact insurance business in the foreign country.

3. The principle of equality in regard to taxation of the natives of signatory States with natives of the signatory country where they have their permanent or temporary abode. The prevention of multiple taxation of steamer and other transportation companies. A provision concerning the conclusion of separate agreements for the purpose of avoiding double taxation in general. An equal treatment of foreign and home-made goods in regard to excise and internal duties and taxes.

4. A regulation of passport questions, if possible, in the sense of a mutual abolition of visas and compulsory passports, but at any rate, with the object of laying down common rules concerning the issues of passports and visas, the amount of fees payable thereof and the control of passports.

Meanwhile certain Austrian industrialists, despairing of securing any relief through cooperation with their neighbors, look for protection through custom barriers. Thus, at a general meeting of the Alpine Montan, Austria's biggest steel works, in July, when the new gold capital was fixed at 102,000,000 schillings, compared with a capitalization of 90,000,000 gold crowns in 1912, the President of the corporation urgently pleaded for an increase in the import duties on iron. He said that the Alpine Montan was now forced to export 55 per cent. of its production, whereas the home market consumed 90 per cent. before the war. The revised iron duties were favored by the Austrian Parliament, inasmuch as there appeared not the slightest chance for any reduction of the customs barriers in the succession States.

Agitation for union with Germany still continues. Dr. Zimmerman does not think there is any immediate prospect that such a step will be taken. "If the Austrian people can get raw materials," said he, "and carry on their arts and industries successfully, they will prefer to remain independent."

Italian People Under New Fascist Discipline

Decree Eliminates All Non-Fascist Activities—New Association to Aid Exportation—Mussolini Defines His Aims—Compares Italy to United States

By ELOISE ELLERY

Professor of History, Vassar College

THE recent decrees of the Italian Government in the interest of economy and of increased production involved difficult adjustments. The most difficult perhaps were those concerning the extension of the working day from eight to nine hours. How general was to be its application? Should there be a distinction between different types of industry? Should the ninth hour be paid for on the same basis as the other eight or as overtime? How could the change be made without creating unemployment? These are some of the questions raised. They have not yet been fully answered, but in general the decree is interpreted as meaning that different industries may decide for themselves whether they wish to increase the working hours, and that the normal rate of pay applies to the extra hour, overtime being paid only for the tenth hour.

The decree was received with various reactions. It is reported that in Rome on July 1, before the decree had yet received the status of a law, many workmen voluntarily stayed on for the extra hour. This was especially notable in the building trades. On the other hand the Executive Committee of the General Confederation of Labor made a vigorous protest. The measure, they declared, was "unnecessary, unjust, provocative of discontent and useless in improving the economic position of the country." Existing laws permitted the lengthening of hours when necessitated by conditions of production and the failure to pay overtime for the ninth hour would defeat the object of the measure—the stimulation of production. They advocated instead deflation of capital, lower dividends and modern methods.

Meanwhile the Government carried on its "economic battle" along many different lines and by various methods, through direct appeals to the people, through the

press and through new organizations. "On the result of this battle," declared Premier Mussolini in an appeal to the Fascisti, "depend the development and the greatness of the Fascist régime. Every Fascista must consider himself spiritually and practically mobilized in order to give the world another formidable proof of Italy's determination, tenacity and strength." The Government itself set an example of economy by suspending various public utility works which were not considered absolutely indispensable. Among the projects temporarily postponed is the construction of a new automobile speedway between Rome and Naples. Plans for a great building which was designed to be a monument of the Fascist régime have also been set aside. Even the association of war veterans was asked to suspend its plan of building new central offices at Rome and to spend the money already set aside for the purpose in reclaiming land or in other productive enterprises. It is to be noted, however, that the funds for the development of Southern Italy were not cut off, as this work, well under way and already productive of good results, is considered too important to be delayed. An economy of a different kind is seen in the announcement of Premier Mussolini that for a period of one year no decorations, honors or knighthoods will be conferred, the intimation being that every one is expected to work for the good of the nation without specific rewards.

The campaign on its constructive side includes the establishment of a National Institute of Exportation. It was inaugurated on July 8 and is to operate under Government auspices in connection with the Ministry of National Economy but to be autonomous in action. Its slogan is "produce more, consume less and export." In the achievement of this end it devotes itself not to trading on its own account,

but to collecting and disseminating information. In his opening speech, the President of the organization, Dr. Pirelli, referred to the difficulty met by Italy in finding markets for her goods due to the high customs walls now existing around almost every nation. "If other countries," he continued, "wish us to buy their corn, their mineral oils, their coal, their cotton, and their copper, it is necessary for them to allow, and, in fact, to encourage, the importation of Italian goods. If foreign countries slam their doors in the face of Italian immigration, they cannot close their eyes to the fact that this creates on our part the legitimate need to export more in order to find work and food for a greater number of persons at home. If creditor nations wish Italy to have the possibility as well as the desire to pay its war debt, they must understand that we can only pay by increasing our exports and services rendered abroad."

A decree of July 6 temporarily lifted the restrictions on the importation of seed potatoes with a view to decreasing the consumption of spaghetti and macaroni, which are made from wheat. Negotiations are under way to increase commerce with South America and a campaign has been inaugurated to arouse interest in commercial aviation—in the language of Premier Mussolini "to develop an aeronautical conscience." It is reported that as a part of this campaign free airplane rides are generously offered to the public.

On Aug. 3 a measure was passed providing for the gradual elimination of all non-Fascist public manifestations of an intellectual, sporting or charitable character. The decree, which was adopted by the Cabinet on the direction of the Premier, also calls for the elimination of all ceremonies of commemoration for individuals. The measure calls for "hindering" by means of official steps all such public manifestations which are not "within the orbit of the directive tendencies of the Government." All officially approved manifestations and ceremonies are to be limited to those "effectively useful and which, through the high character of the organizers and the availability of funds, give guarantees of attaining the purposes for which they are intended."

In a three-and-a-half-hour session on Aug. 4 the Cabinet approved fifty-five new laws. The most important of these so far as the Fascist State is concerned was that covering public education. Thirty-five hundred rural schoolhouses were ordered built, as well as a number of secondary schools to be established "in conformity with the Government's program ever to increase its emphasis on Italian nationality."

A new Fascist forestry service also was created, with General Giuseppe Boriana as Inspector General. Among economy laws decreed was an experimental scheme for the regulation of the sale and marketing of fish and the setting up of a national committee to improve horse breeding. An annual subsidy of 2,000,000 lire was granted the National Organization for Small Industries, while the Small Industries Export Institute, with a capital of 6,000,000 lire, and a credit institute of like purpose, with a capital of 4,800,000, were re-established.

In spite of these sweeping measures taken by the Government there has been a marked fall of the lira. It was explained in official circles as being a seasonal movement and as being influenced by the even sharper fall of the French franc.

The part played in national development by spiritual forces was emphasized by Premier Mussolini in an address to the Authors' Society on the occasion of the removal of its seat from Milan to Rome. This transfer, he declared, marked the fact that Rome had commenced to exercise her rights as a capital. The duty of all Italian writers, he continued, in the period through which Italy was now passing was to make known both at home and abroad not only Italy of the past, but also Italy of the present, to stand for spiritual imperialism and to be the exponents of a new type of Italian civilization.

In addition to the posts which he already holds in the Cabinet, Premier Mussolini has assumed the newly created office of Minister of Corporations. Under this new department of the Government the laws regarding the relations between capital and labor are being applied. The first conviction under the new law was of seven laborers employed in a jute factory at Carrosio who were found guilty of having,



MUSSOLINI'S DREAM.
—*De Notenkraker, Amsterdam.*

on June 30, organized a strike of 800 laborers to obtain better working conditions.

In order to carry out the new program of economic development the Government is backing Signor Turati, the Secretary General of the Fascist Party, in his efforts to put a stop to internal dissension. This involves dealing both with the extremist elements and also with the friction between the local and the central Fascist authorities. A stern order was issued by Premier Mussolini for all the Fascisti in Italy to end their local quarrels and to support the Government in its economic tasks.

In a lengthy interview in which he compared the evolution of Italy with that of the United States, Mussolini said:

Paradoxical as it may seem, there is a distinct resemblance between the development of Italy during the last decade and the United States during the second half of the nineteenth century. Despite the tremendous differences in the his-

torical traditions and temperaments of the two peoples, there is a clear parallel, for example, between your Civil War and our recent civil war. The doctrine of States' rights, prevalent before your Civil War, carried to the extreme in the theory that the States had the right to secede from the Union, resembled the doctrine prevalent in Italy before the advent of Fascismo, of class self-defense and regional autonomy. In the United States it was necessary to fight a frightfully destructive war to affirm the authority of the Federal Government, while we were able, with a comparatively bloodless struggle, to affirm the authority of the Central State organism.

The American Government resembles the Fascist State more than any liberal democratic Government of Europe. Popular sovereignty is tempered by strong governmental authority. Universal suffrage elects the Government, but cannot interfere with its work, as is unfortunately the case in European democracies. Your pioneering period necessarily produced imperialism. So must ours. The difference in type between our imperialisms is explained by certain fundamental differences between the two nations and peoples. America had a tradition of freedom. Italy has one of enslavement to foreigners. America was protected by her isolation, was overflowing with natural riches, while Italy was poor in law and materials. America had a vast territory sufficient for all her people, while plus man power must emigrate.

Yet the two nations have much in common. Both are young, healthy and full of self-confidence and determination to possess strength and prosperity. Our soil is not rich, but whatever it contains we are determined to utilize, making science help the strength of our arms. Our cultural heritage is among the richest in the world; our racial vitality is tremendous; our thirst for riches and prosperity cannot be denied. We must expand or suffocate.

Nationalism in America is no less strong than that in Italy. In both nations success, achievement and progress are sought with religious ardor. Our religion of nationalism is less material because we must depend upon spiritual resources as much as physical. Our imperialism—like yours—is not a threat to world peace. Americans should see the injustice of accusing us of militarism. You, safe across the Atlantic, keep your army, navy and air forces ready to resist attack and to resent any insult to your national honor. We, in the midst of centuries-old hatreds and having just won our independence after generations of slavery, surely cannot be criticized for protecting ourselves and keeping ourselves prepared.

But there is such a tremendous gulf in type, tradition and history between the United States and Fascist Italy that something more than goodwill is needed for mutual understanding. In con-

nection with such a basic matter as our condemnation of liberalism and democracy, Americans cannot arrive at a clear understanding without knowing our yesterdays as well as todays.

Here I am afraid they have had little or no adequate guidance. Fascismo is a profoundly Italian phenomenon, intimately connected with our history, psychology and tradition and culminating in a long-complicated political evolution. Without accurate knowledge of sources, without marginalia and footnotes, no just analysis is possible. Foreign journalists, failing to take the true historical perspective, have been deluded into following erroneous clues. For example, they have popularized the notion that the origin of Fascism can be found in the post-war period alone; that it is merely another of the numerous reactionary explosions directly due to the World War. These are ridiculous blind alleys. Fascismo is the expression of the political genius of our people, binding together in ideal form the Latin State lessons and traditions of two millenniums of history. The war awoke our souls from lethargy. It helped, but did not cause, the birth of Fascismo.

Italy had imposed upon her by false friends the idea that she was weak and doomed to permanent debility; that subjection to the insults of foreigners was a fatal necessity; she had bad doctors, caring more for fees than for the health of the patient. For generations these scoundrels kept dormant the will power of our people, allowing them to be the prey of stronger nations, the butt of the world's contempt. Fascismo has stepped in to prove that the past of so many

woeful centuries is a lie. Italy is awake, healthy, thirsting for the power so long denied her. She is strong enough and ready to maintain herself against all enemies at home and abroad. We are committed to a war to the death against liberalism and democracy, because these two foreign importations, badly digested, ill suited to our temperaments and at variance with our traditions, virtually have destroyed the moral fruits of our war for independence (*risorgimento*) and have nearly succeeded in nullifying our victory against Austria in 1918.

Liberty or death was a fine phrase, but cooperation or poverty is more accurate now. * * * Fascismo replaces individual sovereignty by State sovereignty, the nation for the individual. * * * Even the most ardent defenders of the liberal democratic movement cannot be so blind as not to see its decay. Italy alone, among the great nations of Europe, is not torn by wasteful and dangerous political crises nor ruinous strikes and lockouts. While other nations are trying to struggle along with a type of State organization obviously unfitted to present conditions—mending and patching as they go—we are marching unfalteringly toward a glorious future.

The most significant fact is that our success is positive. We are not leaving problems for tomorrow, but we are facing and solving them today.

On Aug. 1, there was observed throughout Italy the seven hundredth anniversary of the death of St. Francis of Assisi. A most imposing celebration took place at Assisi before the tomb of the saint.

[EASTERN EUROPE AND THE BALKANS]

Bulgarian Bandits Disturb Balkan Peace

King Boris Seeks a Wife—Polish Executive Wins Increased Power—Czech Government Insures Workers—Press Defies Rumanian Government—Albanian Border Treaty

By FREDERIC A. OGG

Professor of Political Science, University of Wisconsin

A SERIES of clashes between Bulgarian comitadji bandits who were raiding Rumanian border towns, and Rumanian infantry in the Dobrudja section during July involved considerable loss of life and seriously disturbed the relations of the two countries. The Yugoslav Government has complained to Bulgaria of similar raids, and has demanded guarantees against further attacks. The League of

Nations Secretariat at Geneva was kept well informed on the situation, but, to its relief, was not called upon to take a hand in the affair. The States preferred to settle the difficulty by direct negotiations, partly, at all events, being unwilling to create an unfavorable impression in League circles at a moment when they were seeking favors—Bulgaria with regard to a requested loan of several million dollars for the settlement

of war refugees within her borders, and Rumania in connection with the adjustment of the Transylvanian minority question.

The Financial Committee of the League concluded in London on July 23 the special sessions called primarily to bring into operation a plan for the settlement of the Bulgarian refugees, and also to enable the Sofia Government to obtain advances up to £400,000 for early Autumn crop sowing and other urgent needs. According to the arrangements made, these advances will anticipate the public issue of a loan of £2,250,000 later in the year.

M. Tchitcherin, Soviet Minister of Foreign Affairs, sent a note to the Sofia Government in the middle of July protesting against its alleged connivance at smuggling of Russian refugees into Soviet dominions.

The sudden and unannounced departure of King Boris on July 11 for a period of foreign travel—it being the first time he had been out of the country since his accession in 1918—loosed all manner of rumors, including a report that the political situation had become so tense that he was fleeing for safety, and even that his “flight” was preliminary to abdication. In an interview with representatives of the press two days later, however, Premier Liaptcheff categorically denied that the trip had any such motive and went on to explain that its object was, instead, matrimonial. The bachelor King is 32 years of age, and although he is quoted as saying rather recently that he is “too busy helping to restore his country to bother about looking for a wife,” it has been taken for granted that he will marry in the not distant future.

Poland

THE two matters of largest interest in the past month have been Parliament's consideration of the new government's project for constitutional revision and the inauguration of a financial investigation by the group of experts with Professor Kemmerer as the head.

Shortly after Marshal Pilsudski's coup d'état in May the drastic proposals for redistribution of executive and legislative powers put forward by the successful chieftain were taken in hand by a Parliamentary

Committee, which, after making extensive changes in them, concluded its work on July 13. For a time it was widely believed that differences between the Government and the committee—the former standing for the extensive program which was understood to represent Pilsudski's wishes—would lead to the resignation of Premier Bartel and his associates, or that, in any event, the ministry would collapse before the opposition to be expected on the floor of the Diet.

The measure finally agreed upon, and passed in both chambers by heavy majorities, empowers the President of the republic to rule by decree (with certain restrictions) during Parliamentary recesses, and to dissolve the Diet and call new elections within ninety days upon the failure of any single Government bill. The increase of executive powers is considerable. But it is a pale shadow of that originally contemplated by Pilsudski; and it certainly is far from providing any place for a dictatorship. Nevertheless, it was the impression of persons who talked with the Marshal that he was prepared to accept the outcome as definitive.

The investigation of the country's finances, under the direction of Professor Kemmerer, has been in progress several weeks. The new Minister of Finance, M. Klerner, prepared a lengthy preliminary review of the situation which was printed in several languages, and the Government designated M. Krzyzanowski, Professor of Economics at Cracow University, as its official representative in connection with the inquiry. At a banquet at the American-Polish Chamber of Commerce in Warsaw on July 30, Professor Kemmerer indicated that his recommendations would be so numerous that it might be impossible for Poland to accept all of them at once.

Czechoslovakia

THE session of Parliament which closed on June 26 was one of the most lively, and also one of the most important in its results, since the establishment of the republic. The measures passed were exceptionally weighty, including a new scale of duties on agricultural products, a long promised increase of pay

for State employes, and a "clergy emoluments" bill; but even more significant was the new grouping of parties that made the measures possible. The Socialist parties opposed practically all of the bills, and as a result the former coalition of Socialist and non-Socialist parties broke up, and the Czech Agrarian, and Populist parties, sponsoring the bills, turned successfully for support to the German Agrarian and Christian Socialist groups, whose economic interests are more or less identical with those of the Czech Agrarians and Populists. In this way racial lines, hitherto preponderant, were made to give way to practical economic ties; and although no one knows how long the new non-Socialist union will endure, its appearance even for a single session is a noteworthy fact and in at least some respects a happy omen.

On July 1 a Social Insurance act, which has been in gradual preparation ever since the republic was founded, was first put into operation. It embraces insurance against sickness, invalidity and old age, and applies to more than two and a half million workers, placing them fully abreast of workers in countries boasting the most up-to-date social welfare legislation.

Rumania

AN interesting incident of the conflict which has been going on between the Government and the press since General Averescu became Premier was a boycott of the Government leaders by the reporters in the early part of July. Deprived by Government order of their traditional right to frequent the main lobbies of the Parliament Building, the newspaper men refused to make any mention of majority leaders, and later to report the proceedings of the chambers at all. The Government was beaten in the game, and after a week or two signed a truce allowing the reporters once more to frequent the lobbies as well as the press gallery.

King Ferdinand left Bucharest on July 16 on a trip which had more than the usual interest for Europeans because it was widely supposed that an incident of it would be a meeting between the King and his truant son, Prince Carol, in Paris. Premier Averescu officially denied that any such

meeting was intended, but it continued to be widely believed that not only a conference but a reconciliation was in prospect.

A congress of the Bessarabian section of the Peasants' Party, held in Kishineff late in July, resolved that when Parliament meets on Oct. 15 all of the party's Deputies will be withdrawn as a protest against the failure of the Averescu Government to introduce the reforms that were hoped for, especially the abolition of the military régime, and against the Rumanian administration of the province generally. The recent appointment of General Rashcanu as Minister for Bessarabia has given particular offense.

According to reports of experts as published in the Bucharest *Argus* early in July, there is prospect of an exceptionally good harvest in all parts of the country, and it is hoped that increased grain exports will strengthen the position of the currency.

Albania

ATREATY embodying two protocols previously agreed to in Florence concerning the Albano-Greek and Albano-Serb frontiers was signed at Paris on July 31 by representatives of Albania, France, Great Britain, Italy, Japan, Greece and Yugoslavia. The boundary settlement is the outcome of the work of a commission created in 1921, after the country's independence had been recognized anew and membership in the League of Nations had been attained.

Yugoslavia

TTORRENTIAL rains in Austria and Germany produced floods of catastrophic proportions in many parts of Yugoslavia about the middle of July, particularly in the Danube basin, where broken dikes were responsible for damage to growing crops estimated at fifty million dollars. Moved by this potential loss of revenue, the Cabinet Council decided to reduce salaries of all Government employes on a scale ranging from 5 to 30 per cent., notwithstanding protests from employes to the effect that they were unable to live on the salaries received before the cut. The ministers inflicted the maximum reduction, 30 per cent., upon themselves, and agreed

to ask Parliament to reduce the pay of deputies by 20 per cent.

Of interest in connection with the matter is the fact, however, that King Alexander, already enjoying one of the largest royal incomes in Europe, has lately received additions to the civil list bringing his annual income from the State to near one million dollars—five times more than King Ferdinand of Rumania receives and forty times the amount granted to King Boris of Bulgaria. Out of his allowance the sovereign maintains three large palaces, several villas, and a notably large staff of servants.

Greece

A PERIOD of governmental upheaval in mid-July ended on the 19th, when, after Chief Justice Zelemon, the former

Finance Minister, had failed, Athanasios Eutaxis undertook the task of forming a new ministry. On the previous day three former premiers—Kafandaris, Papanastasiou, and Michalakopoulos—were arrested in connection with the discovery of an alleged plot to overthrow the Government and take the life of President Pangalos. All were transported to the Island of Naxos. In a proclamation the Dictator-President complained of the general Venizelist opposition to his efforts to establish normal conditions, but declared he would persevere in his work of reconstruction and take measures against those who attempted to interfere with law and order. He announced also that elections for both the Senate and the Chamber would be held the first week in September.

[RUSSIA]

Russia Loses Dzerjinski's Driving Force

Death of President of the Supreme Economic Council and Former Head of the Cheka—Government Orders 10 Per Cent. Reduction of Manufactured Goods—Stalin Quells Internal Party Strife—Industrial Production Increases—New Estonian Cabinet—Lithuania Fears Polish Attack

By ARTHUR B. DARLING

Assistant Professor of History, Yale University

ON July 21 crowds filed into the Hall of Nobles where Lenin had lain in state. They came again to stare at the face of another Red leader. Dzerjinski was dead. The son of a small Polish noble, classmate of the Polish dictator, Pilsudski, at Vilna in his youth, Felix E. Dzerjinski had devoted himself to the cause of revolution in Russia. He had spent years in prison and exile until Red October, 1917. Then he became famous as the head of the Cheka, the secret police of the Soviet Government. It is said that he was responsible for a hundred thousand deaths. When Lenin had established the "New Economic Policy" in 1921, Dzerjinski became President of the Supreme Economic Council. At the head of this body above the State trusts which control Russian industry, he warred upon inefficiency and mismanagement, laziness, corruption and graft. He realized that these evils were in large measure re-

sponsible for the inadequate supply and the high prices of manufactured goods, and he agreed with Stalin that the needs of the peasantry must be met if the Soviet régime was to succeed.

Dzerjinski threw himself into the task of improving the manufacturing and distributing systems with the same terrific energy, determination and singleness of purpose as he displayed at the head of the Cheka. Those who liked him took pride in pointing to him as the iron man of Russia. Lenin had the vision. Bukharin mastered the subtleties of Communist doctrine. Zinoviev displayed the abilities of the zealot and missionary. Kamenev gained a reputation as a scholar. Stalin developed great political skill. Trotsky and Dzerjinski had in common administrative ability of the first order. But Dzerjinski was unique in the possession of an utter disregard for his own life as well as others'.

Such devotion gave vitality, as nothing else could, to the Soviet Government, but it cost Dzerjinski his life, for he died of over-exertion in defending the policy of his administration from attacks within the organization. There are no adequate successors to the positions held by Dzerjinski. The new head of the secret police is Minjinsky, who was chief assistant. On Aug. 5 B. B. Quibescheff, Commissar of the Peasant Workers' Inspection and one of the closest associates of Stalin, was nominated to succeed Dzerjinski as President of the Supreme Council of National Economy. As far back as 1920 M. Quibescheff was a member of the governing body of the Economic Council and also of the governing body of the Allied Labor Federations, while his recent duties as Peasant Workers' Inspector have familiarized him with all branches of industry.

Before Dzerjinski's death the Supreme Economic Council had attacked the problem of rising prices. He had been placed on a special committee with Kamenev, Commissar of Trade, to prevent purchases for hoarding and to force prices down. On July 5 the Soviet authorities issued a decree that by Aug. 1 all retail prices on manufactured goods must be reduced 10 per cent. below the level of May. The reason for this order is that agricultural prices have been declining in anticipation of a large harvest. And as the Government cannot force the price of grain up without raising the price of food and stirring immediate discontent, it must force the price of goods down. For the peasant must be able to exchange his crop for the goods which he desires at a price satisfactory to him or else he will oppose the Government at Moscow. Stalin and his group know that 85 per cent. of the Russian people are peasants, and they fully appreciate the possibilities in rural dissatisfaction with the Soviet Government.

That the *kulaki*, or richer peasants, are violating Article 27 of the Soviet agrarian laws, which forbids the sale or purchase of land, is well known in Moscow. The Communist rulers of Russia no doubt realize that, regardless of Communist theory or Soviet law with respect to State ownership of land, the peasants, rich and poor, enjoy practical possession of the

land and may never be persuaded to abandon the principle of private property. But Stalin and his supporters are practical politicians. They know that the peasants have no desire to return to the rule of the Czars. They know that the peasants will grow to like the Soviet Government if it can improve economic conditions and provide an adequate supply of manufactured goods.

The authorities at Moscow are so sure, in fact, that the Soviet Government is strongly established that they have begun to allow criticism. Czarists, of course, are not given an opportunity in the Soviet Union to express their opposition. But within the Communist Party, among those who accept the Soviet régime, critics of Stalin's "administration"—as American on-lookers would say—are now allowed to make public their opinions. Although its policies may be discussed freely in the press, the Stalin Government has taken prompt action to suppress internal opposition. Gregory Zinoviev, President of the Communist International, has been removed from the Political Bureau, the inner governing group of the Communist Party, and his conduct publicly censured, while another opposition leader, Lashevich, was dismissed from his post of Assistant War Minister and forbidden to undertake responsible party work for two years. These men are accused of carrying on an illegal "conspirative campaign" against the Central Committee. The form of the opposition gradually crystallized into a sort of coalition of three factions which united in opposing the Stalin policies on three main points: First as to the peasants, second as to industry and third as to the machine "dictatorship" inside the Communist Party. To be specific, the opposition leaders, Trotsky, Preoprajenski, Radek and Piatakof, demand heavier taxation of the peasants and stricter measures in particular against the *kulaki*, and contend that industry is being carried on in a wasteful, chaotic manner. Whether they can offer a remedy remains to be seen. It is an interesting conjecture whether or not the crystallization of factions will lead to the eventual development of a regular party system in the Soviet Government to

replace the present dictatorship of the Communist Party.

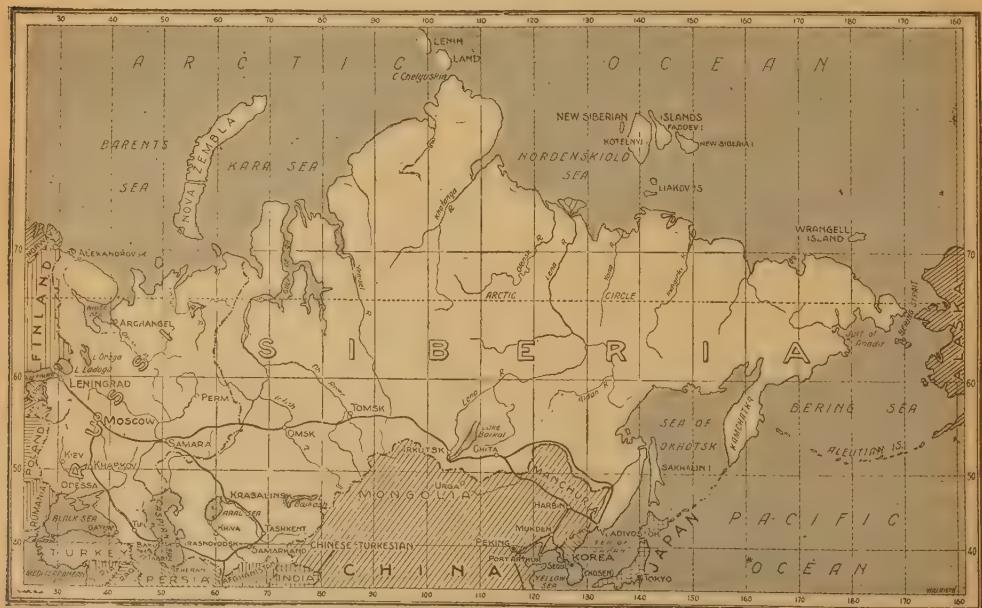
Rumors of dissensions between the Soviet leaders, a revolt in the Soviet fleet and other serious episodes were current early in August, but were all officially denied in Moscow.

The announcement that the Central Executive Committee of the Soviet Government had issued a decree legalizing the appropriation of land in the Ukraine for the establishment of an autonomous Jewish Soviet Republic within the Soviet Union was followed by increased protests from the peasants in the Crimea against the settlement of Jews on the land. The Crimean peasants declared that they had fought to hold the Crimea against Wrangel's forces, but that now they were obliged to go to Siberia for land because the Jews were coming into the Crimea. Kalinin, President of the Soviet Union, made a detailed explanation on behalf of the Government in the columns of *Ivestia*. Reduced to its simplest terms, Kalinin's defense was: that anti-Semitism was a relic of Czarist times and not tolerable in the new order; that all races and nationalities were entitled to equal rights and autonomy in the Soviet Union; that the Jews

had been forbidden to work the land before the revolution and therefore had become traders and artisans, but the development of State industry and cooperative distribution had deprived them of their livelihood, and so they must now be placed upon the land; that the Jews were settled in South Russia because they were unfitted for the climate of Siberia, whereas the Russians were already active in colonizing Siberia of their own accord.

Soviet industrial production has increased 44 to 45 per cent. in the current year over the fiscal year of 1924-25. This represents genuine progress, especially since accompanying figures show an increase of 28 per cent. in the number of industrial workers and 21 per cent. in the average pay. At the same time, agricultural production is increasing faster than industrial, and therefore the demand for peasants, who form over 90 per cent. of the population, for manufactured goods continues to outrun the supply.

A report came from Berlin on July 1 that the Soviet Government had negotiated through the Government of the Ukraine for the purchase of the entire "Rheinmetall" factory, which constructs railroad locomotives and rolling stock. It was said that



Map of the territories embraced under the Union of Socialist Soviet Republics (Russia).

the price was to be about 60,000,000 gold rubles and that the plan was to move the machinery and many of the German employes to Kharkov.

The budget of the Soviet Union from Oct. 1, 1925, to Sept. 30, 1926, showed a surplus of 117,812,000 rubles. Last year's surplus was 20,000,000 rubles; but the budget then was 2,875,000,000 rubles, whereas this year's budget reaches the

total of 4,039,000,000. The State trusts controlling telegraphs and railroads have an excess of receipts over expenditures for the first time in their history. The peasant tax is 35 per cent. less than last year's. Taxes on industry and incomes, however, have risen slightly. During the past four years the Soviet Government has borrowed from the Russian people 589,000,000 gold rubles—approximately \$300,000,000.

NATIONS OF NORTHERN EUROPE

FOLLOWING the recent election of the Third Estonian State Assembly, a new Cabinet was confirmed on July 23 by the State Assembly as follows:

Mr. J. TEEMANT, State Head.
 Dr. F. AKEL, Minister of Foreign Affairs.
 Mr. H. LARETEI, Minister of Interior.
 Mr. O. KOSTER, Minister of Agriculture.
 Mr. J. LATTIK, Minister of Education.
 Mr. A. KEREM, Minister of Communication.
 Mr. K. KORNEL, Minister of Trade and Industry.
 Mr. O. TIEF, Minister of Social Welfare.
 Mr. L. SEPP, Minister of Finance.
 Mr. J. SEPP, Minister of Justice.
 Mr. J. SOOTS, Minister of War.

Further information in regard to the resignation of A. A. Birk, Estonian Minister to the Soviet Union, appeared in the Moscow *Isvestia* on July 13. In a letter to the editor, Birk explained that he had resigned because of a fundamental disagreement with Foreign Minister Piip. Birk went on to say that on his way to visit the South of France he had learned that the Estonian General Staff had ordered an attempt on his life. For that reason he gave up the trip and decided to go to Finland before returning to Estonia, but upon arriving in Leningrad he had read a statement by the Finnish Foreign Minister, M. Setel, so hostile to him that he had decided to stay in Russia for a time. He declared that Piip and the Estonian General Staff intended not only to repudiate the Russian-Estonian pact for non-aggression, but also, in collusion with a "third country," were "guiding Estonia along a route foreign to her interests and even leading to her ruin."

Although evidence other than Birk's allusion was lacking, the Russian press jumped to the conclusion that Great Britain was the "third country"; but that, if

Poland was meant, Great Britain was certainly behind Poland

Lithuania

MANY Russians expect Pilsudski to launch an attack upon Lithuania similar to the Polish coup in Vilna. This attack would have as its object the complete occupation of Lithuania by Polish forces. This supposition has all the more strength because of an important Polish minority in Lithuania actively opposed to the Lithuanian Government, and because of the political overturn last May in Lithuania. The Populists and Socialists gained enough seats in that election to establish a Liberal Government. The Populist Socialist régime, however, bids fair to become popular in Lithuania. Slezevicius, Populist leader and Prime Minister in the new Government, announced to the Seimas on June 23 that among others the following were the purposes of the Cabinet: (1) to get back Vilna and to have no normal relations with Poland until it had returned Vilna and restored the Suvalki agreement, (2) to obtain commercial treaties with France, Belgium, Italy, Spain, Austria and Hungary and to convert the provisional agreement with Great Britain into a permanent commercial treaty, (3) to undertake negotiations with Germany for arbitration, (4) to complete the negotiations with Soviet Russia begun by the former Government, (5) to seek a concrete expression of unity with the Baltic States, (6) to pursue a policy of reducing expenditures by the Government and of increasing working capacity, (7) to give special attention to preserving the country's greatest source of wealth, its forests.

A. B. D.

Leaders of Spanish Revolt Heavily Fined

*Da Costa Regime in Portugal Overthrown by General Carmona—Prohibition Campaign in Norway—Denmark and Poland Sign Arbitration Treaty
—Many International Gatherings in Sweden*

By JOHN MARTIN VINCENT

Professor Emeritus of European History, Johns Hopkins University, and

MILTON OFFUTT

Instructor in History, Johns Hopkins University

UNUSUALLY severe fines were imposed upon a number of prominent Spaniards for their participation, actual or suspected, in the plot to overthrow the Government which was frustrated early in June. A decree fixing the amounts to be collected immediately from those whom the Government suspected of being leaders in the movement was published in the official gazette on July 3. The following fines were announced: Count de Romanones, 500,000 pesetas (\$80,600); General Francisco Aguilera, 200,000 pesetas (\$32,240), and General Valeriano Weyler, 100,000 pesetas (\$16,120); Dr. Maranon, former Senator Manteca, Colonel Segundo Garcia, former Deputy Barriobero, former Deputy Marcelino Domingo, General Batet, Señor José de Castro and Señores Lezama and Benlliure, journalists, were also fined, and it was declared that these fines were the most severe ever imposed upon political offenders in Spain. The Minister of the Interior received orders to prevent those fined from leaving the country, concealing bank deposits or disposing of real or personal property until the impositions were paid. The money collected will be used for charitable and educational projects.

On July 25 the Government temporarily released from confinement Generals Weyler and Aguilera, Dr. Maranon and former Deputy Barriobero. It was announced at that time that other political prisoners would soon share the same leniency.

Jeers and hisses which accompanied the acclamations attendant upon the arrival in Paris of Premier Primo de Rivera were energetically suppressed by the police. General de Rivera had gone to Paris to

attend the celebration of Bastille Day as well as to sign the Moroccan agreement between France and Spain, and his presence was resented by a noisy group of Parisians and Spaniards who evidently were not in sympathy with the methods of his Government. On July 31 a dagger was hurled at the General as he drove through the streets of Barcelona. The would-be assassin, an anarchist, was arrested.

While in Paris de Rivera defined the Spanish attitude toward Tangier in an interview for *Le Temps*. He declared that Spain did not aspire to any change in the military status of Tangier but desired a more important position in its international administration in recognition of the magnitude of her interests there, and that Spain considered it necessary to reinforce the zone of protection around the town, possibly in collaboration with the French.

Don Juan Riano y Guayanogas, after sixteen years in Washington as the representative of Spain, first as Minister and later as Ambassador to the United States, was recalled by his Government during the month, and Don Alejandro Padilla, formerly Spanish Minister at Lisbon, was announced as his successor. The Spanish Cabinet, on July 20, approved ratification of an agreement with the United States permitting the search and seizure of Spanish vessels carrying contraband liquor within one hour's steaming distance from the American coast. The agreement was ratified by the United States Senate in March.

An Institute of International Law modeled after that at The Hague was organized at Madrid during July. It was named in



"You went to the station with Primo de Rivera! I thought you were a good Republican?"

"I am, but I wanted to make sure he had really gone!"

—L'Oeuvre, Paris

honor of Francisco Vitoria, an authority on international law and a contemporary of Hugo Grotius.

Portugal

THE Government set up by General Carmona after he had seized the powers of the State on July 9 by the third "peaceful revolution" to disturb Portugal within three months appeared to have restored, temporarily at least, the political quiet of the country. General Gomes de Costa, who overthrew the Cabecadas régime on June 17 after it had been in control since May 29, and who was himself deposed and arrested by General Carmona, embarked on the Portuguese warship Cavalho Araujo on the morning of July 11, on his way to exile at Angra.

Press and cable censorship, which had been abolished by da Costa shortly before his arrest, was reinaugurated by General Carmona. An official communiqué, explaining the reasons for the arrest and banishment of da Costa, declared:

"On account of the strange behavior of General Gomes da Costa when in the early morning of July 9 he attempted to instigate the sergeants and soldiers against their officers, which was due to the bad counsels

of the politicians surrounding him who isolated him from his loyal colleagues, the Cabinet has been obliged to order his immediate departure to Angra." The news, on July 7, that da Costa had found it necessary to dispense with the services of three of his Ministers and that thereupon five other Ministers had resigned, furnished an indication of the instability of the Dictator's position. His arrest two days later, therefore, was not altogether a surprise. Dissatisfaction in the army because of his failure to carry out his announced program of reform culminated, after the Cabinet crisis, in a meeting of high army officers at Necessidades, headquarters of the First Division, at which General Carmona, General Sinel de Cordes and Lieut. Col. Raul Esteves were present. It was there resolved to form another Ministry and communicate the fact to da Costa. General da Costa, upon learning of this move, immediately visited the various bodies of troops near Lisbon and found sentiment among them strongly against him. At Montsanto he was threatened with arrest. He returned to Belem Palace, which shortly afterward was surrounded by troops. On July 10 he was conveyed in an automobile to Cascaes Citadel, where General Carmona invited him to assume the presidency of the republic. He refused, according to press dispatches, and although informed that he was no longer a prisoner, declared that he preferred to consider himself one.

This most recent change in the Government was, once more, quietly received by the people of Portugal. It was reported that dismissal of diplomatic representatives would not be carried out except in the cases of Alfonso da Costa, President of the Portuguese delegation to the League of Nations, and Antonio de Fonseca, Minister to France.

Norway

A CAMPAIGN, marked by much bitterness, between prohibitionists and those opposed to prohibition in Norway was in full career during July, in preparation for a referendum vote on the liquor question which has been scheduled for October 18.

At the last prohibition referendum, in 1919, a majority of Norwegians voted for

partial prohibition, and the sale and consumption of wines and beers was thereafter permitted. Advocates of total prohibition have since that time been attempting to secure enough voters to end "the farce which is barring the way to prohibition in Norway," while anti-prohibitionists have also been actively exhorting the people in favor of doing away with the same "farce."

The organizer of the prohibitionist campaign, which adopted the slogan "Alcohol vs. God," was, according to press dispatches, an American Baptist minister, Dr. David Osterlund, who was sent to Norway by the Anti-Saloon League as its Scandinavian manager. A dispatch from Oslo stated that it was at first planned to have "Pussyfoot" Johnson come to Norway toward the close of the campaign to "win over all doubtful voters," but that after publication of Johnson's articles in an American magazine revealing his methods in the service of prohibition in this country "it was decided that such a visit would do more harm than good."

The use of such slogans as "If you insist on alcohol God will outlaw you from Heaven" and "Alcohol vs. God," and the combination of churchmen and Anti-Saloon interests outraged the deeply religious feelings of many Norwegians, as did the practical monopoly by the prohibitionists of the name "Christian." It was declared by the press that the people of Norway, nearly all of them of the same creed, and not, as in America, divided among rival sects, strongly resented the mixture of religion and liquor, and that what was good political strategy in the United States did not prove so effective a manoeuvre in Norway. The cities generally were reported as opposed to prohibition, with the strength of the anti-alcohol movement lying in the rural districts.

The Norwegian authorities have succeeded, during the past seven years, in stopping nearly all smuggling of alcohol into the country from Denmark and Germany, but have proved quite unable to prevent home manufacture of liquors, which was recently said to have developed to imposing proportions. The Storthing acted in July to prevent the use of Norwegian vessels in smuggling operations in other countries.

The Storthing, on July 3, rejected a motion submitted by a Communist Deputy that Norway resign from the League of Nations. It also passed a provisional act authorizing the King and other authorities to exercise such control as they deem necessary "to prevent speculation in Norwegian currency or to counteract the effect on the krone exchange of such speculation," the opinion of the Bank of Norway being heard in all cases. The Government Corn Monopoly, a war measure, was abolished and a new law passed affording protection for native-grown grain.

The Oldesthing, on July 14, by a vote of 62 to 50, decided to impeach former Premier A. Berge, who headed the Cabinet in 1923, on the charge of placing at the disposal of the Norske Handelsbank 20,000,000 kroner without the knowledge of the Storthing. It voted also to impeach several other members of Berge's Ministry.

A commercial airplane route between Malmö, Copenhagen and Goteborg was established during July.

Holland

THE trade and financial situation in Holland showed continued improvement. According to reports made public during July the import balance for the first half of the year was 430,000,000 guilders, contrasted with 344,000,000 guilders during the same period of 1925.

Dutch imports for June totaled 212,000,000 guilders, bringing the amount from January to July 1 up to 1,222,000,000 guilders.

Exports for June were to the value of 133,000,000 guilders, and for the first six months of 1926 amounted to 791,000,000 guilders.

The outlook was considered moderately satisfactory although the situation was complicated by the currency troubles of near-by countries, as reflected by the larger imports for June.

Denmark

A TREATY of mediation and arbitration between Denmark and Poland was drawn up and signed following negotiations conducted at Copenhagen during April. It stipulated that without exception

all disputes which may arise between the two nations shall be settled in a peaceful manner. Difficulties are first to be submitted to a permanent committee for mediation, the decision of which is not binding. If no solution is reached by means of this committee within a fixed period, either party may insist that the dispute be submitted to mediation with binding effect, which may then become the basis for arbitration. The decision of the arbitrators will be binding.

The negotiations which resulted in the signing of the treaty were carried on for Denmark by Count Rewentlow, Director of the Danish Foreign Office and Departmental Chief Cohn. Count Rozwadowski, Polish Minister to Denmark, and Dr. Makowski, Departmental Chief of the Foreign Office at Warsaw, represented the Polish Government.

Sweden

SWEDEN was the meeting ground during July of more than the usual number of international conferences, in which American delegates took part. At Rättvik in Dalecarlia the world's missionary leaders met under the chairmanship of Dr. John R. Mott of the United States, while a group of leading physicians of the American Gynecological Club made a study of the country's hospitals, notably those of Lund, Stockholm and Gothenburg. They were followed by an International Congress of Physiologists at Stockholm in which 567 delegates from all parts of the world par-



WHAT WE MUST EXPECT, WITH THE RISING PRICE
OF BREAD

"No caviar today? Well, bring me a whole bottle of champagne and a roll of bread."

—*Sontagsnisse-Strix, Stockholm*.

ticipated, including 100 representatives of the United States. Professor Johan E. Johansson of Stockholm presided and seven winners of Nobel Prizes took part in the proceedings. The Congress was described by Professor Reid Hunt of Harvard as "certainly the greatest meeting of physiologists ever held."

The American Third Assistant Secretary of State, Wilbur J. Carr, combined a vacation trip with an inspection tour of the American consulates in Sweden, and represented the United States at the unveiling of a George Washington monument at Gothenburg, presented to the city by the Gustavus III Memorial Association, to commemorate the formal recognition of American independence by that monarch, the first in Europe to do so.

The health of Queen Victoria remained precarious, but at the express advice of King Gustav V it was decided not to break off the world tour of Crown Prince Gustavus Adolphus and Crown Princess Louise at San Francisco, as had been considered possible.

Plotters Against Kemal Put to Death

Turkey's Economic Progress—Political Situation Quiet in Egypt—The French War in Syria—Transjordan Premier Resigns—Death of Gertrude Bell—Soviet Accused of Causing Revolt in Persia

By ALBERT HOWE LYBYER

Professor of History, University of Illinois

THE trial of persons accused of plotting to assassinate President Mustapha Kemal Pasha proceeded at Smyrna until July 13, and fifteen persons were condemned to death. Eight were sentenced to imprisonment for ten or more years, three were remanded to be tried at Angora, and twenty were acquitted. The tribunal in some cases inflicted more severe punishment than was demanded by the prosecuting attorney. The central point in the latter's summing up of the case was that the assassination of the President would have led very directly to civil war and possible ruin of the Turkish Republic.

Thirteen of the convicted persons were hanged next day on tripods placed along the waterfront at Smyrna. Six were members of the Turkish Parliament, including Shukri Bey of Ismid, who was accused of being the chief conspirator. General Rushdi of Erzerum had spent thirty-five of his fifty-seven years in army service for his country. Jambolet Bey was formerly Minister of the Interior. All the convicted men are said to have protested their innocence. The evidence produced at the trial is said to have shown that the plot began last December, and was worked out in a series of secret meetings. Several plans came to naught before the discovery of the latest, which was expected to be put into action at Smyrna on June 18.

At Angora on Aug. 3 the Independent Tribunal for Western Turkey began the trial of the leaders and members of the Committee of Union and Progress. The forty-nine accused, only about half of whom were present when the public prosecutor read the act of accusation, included Javid Bey, formerly Minister of Finance; Rauf Bey, formerly Prime Minister under

Mustapha Kemal, and Adman, formerly Commissioner of the Angora Government at Constantinople. Assertions were made that Abdul Hamid's crown jewels had been sold to finance the plotting.

The American Senate adjourned without taking up for consideration the American Lausanne Treaty with Turkey. The Council on Turkish-American Relations (111 Broadway, New York) has published a small book called *The Treaty with Turkey: Why It Should Be Ratified*. Following this postponement Admiral Bristol, the American High Commissioner to Turkey, secured a prolongation for six months of the temporary arrangement by which American goods remain on a plane of equality with those of the most favored nations.

The Turkish Ministry of Public Instruction is organizing free libraries, with reading rooms attached. A first measure, by which eighty-one libraries in Constantinople have been consolidated into twenty-one, and 160 in Asia Minor have been reduced to 62, might seem to be a backward step, but actually most of those which have disappeared were practically of no use. A National Library is to be opened at Angora.

An annex to the Turco-Iraq treaty, signed at Angora on June 5, provided that if within twelve months of the coming into force of the treaty the Turkish Government should chose to settle for a lump sum the treaty provision of 10 per cent. on all oil royalties in Iraq, the Iraq Government would pay to the Turkish Government within thirty days £500,000. It was reported on June 16 that the Turkish Government had accepted the cash payment, but this report was later denied officially.

After July 1, by a provision of the

Treaty of Lausanne, all coastal trade in Turkey was restricted to merchant ships under the Turkish flag. The Government owns ships aggregating 45,000 tons, and is adding to its fleet. Privately owned ships amount to about 80,000 tons. The new regulation will cause most loss to Italian and French vessels.

The report at the annual meeting on July 12 of the Ottoman Bank emphasized a considerable degree of economic progress in Turkey during 1925. The production of cereals was increased by 40 per cent. Tobacco fell off somewhat, but silk and cotton increased from 70,000 to 100,000 bales. Figs and raisins, wool and mohair are still far below pre-war levels. Reference was made to the fact that Turkey has not yet established a basis for the payment of its share of the pre-war Ottoman debts, and that money cannot be borrowed abroad until this has been done.

The first section of the railway from Samsun to Sivas was opened early in May. Work has begun on a factory for the production of electrical goods at Eski-Shehir, and on a match factory at Sinope.

Egypt

THE political situation after the opening of Parliament settled into reasonable quiet. Controverted questions such as the legality of the acts of the Ziwar Pasha Government were postponed until after the holidays. The question of reinstating the local officials who had been dismissed by the previous Government for refusing to carry out electoral orders was also postponed by reference to a committee. The Deputies restored the salary of their membership from \$1,800 to \$3,000 per year, which act invoked some unfavorable comment.

Lord Lloyd wrote a letter to Ziwar Pasha in which he expressed on behalf of the British Government appreciation of the work the latter had done while in office toward the improvement of Anglo-Egyptian friendship. The letter aroused bitter comment in the press which supports the new Government. The ex-Premier left promptly for a vacation in Western Europe. Lord Lloyd likewise left the country on vacation, Neville Henderson acting

as High Commissioner during his absence. These departures testified to the quiet condition of the country, but it seemed necessary to postpone an expected visit of King Fuad to Great Britain.

A special commission voted that Judge Kershaw had forfeited his pension when he resigned as a protest against the acquittal of the men accused of murder. The commission, however, voted that he might receive a certain compensation allowed some officials who retire before the age of 60.

Syria

DURING the last week of July the French forces under General Gamelin made a serious effort to disperse the Nationalist forces in the gardens around Damascus. Reports of the action and its results show the usual wide variations. According to French announcements the Syrians were dispersed with heavy casualties, leaving many prisoners, while the French and Colonial troops suffered light losses. "The siege of Damascus has been raised, thanks to the brilliant operation of our troops. The rebels have been driven from Ghuta." (Ghuta is an oasis near Damascus, containing orchards and gardens.) The Syrian reports indicate that, in spite of firing 17,000 rounds in one day, the French troops lost large numbers of killed and wounded and retreated ignominiously into the city of Damascus. Both sides, therefore, appear to have abandoned the field of battle. Each accused the other of terrible atrocities.

According to information reaching the Jerusalem correspondent of the London *Times* from an American resident, writing on July 23, the city was isolated for three days, nobody being allowed to enter or leave. No trains were running and there was no communication by telephone, telegraph or mail.

CURRENT HISTORY is in receipt of a letter from Damascus, Syria, from a reputable source in reply to the official denial by the French authorities of the alleged atrocities by French troops at Damascus, which was printed in the May, 1926, issue. The Editor of CURRENT HISTORY is pledged not to disclose the identity of the writer, but can vouch for his high standing and trustworthiness.

thiness. The following statement is a part of the letter which was smuggled out of Damascus by messenger on July 26, 1926:

The French demanded an indemnity after bombarding Damascus of 100,000 Turkish gold. Their claim that the damage to Damascus was \$1,500,000 is ridiculous when you consider that the richest, palatial ancient homes of Arabs were destroyed. Some of the work on the walls was done 600 years ago and is priceless because the art has died with the artists.

The house of Kuatly alone could not be rebuilt and refurnished for less than the price given as an indemnity of the whole. The house of Bakri, less ornate than the former one, has cost for the labor alone \$150,000—here in Syria, where labor is so cheap that a man works for \$3 a month. This \$150,000 does not include the cost of materials and the rich furniture and Persian rugs. I could count dozens of rich homes, naming their owners. Besides, there were hundreds of less important residences.

Further, it is stated that in Damascus itself no foreign Consul protested against the bombardment, which was progressive. The fact is that the bombardment was a complete surprise to the foreign Consuls. Late in the afternoon, when a few cannon shots were heard, some of the foreign Consuls assured even their citizens that the city would not be bombarded. When at once, suddenly, they saw the big cannon pouring down the shellfire on the unprotected, densely populated Moslem sections, they had no means of protesting; neither could they do anything for their citizens. As soon as it was possible the Consuls had a meeting in which they protested against the bombardment of the city. Some of the Consuls had even asked the French authorities whether they had any intention of bombarding the city. The answer was, No, although French officers had informed some of their friends two days before that a bombardment was to take place.

That no European or American foreigner figures among the victims is not due to the French protection and vigilance, but rather to Providence and to the kindness of the Moslems. A bomb fell on a British school and destroyed one of the class rooms. Fortunately the pupils were not in the school. Another bomb exploded in front of the British Consulate and killed some people, who happened to be natives.

It is strange to hear that the number of insurgents had not increased following the bombardment, but that, on the contrary, they had surrendered after forty-eight hours. Such reports may be accepted in good faith in America, but any one in Damascus would ask with surprise, Who had surrendered? Was it Hassan Harrat, who for months afterward terrorized the city through frequent attacks? Or was it Akkashe, who still enters the city with his followers, whenever he finds it convenient, either at day or night, to disturb the peace of the citizens? As far as it is known, only the son of Hassan Harrat fell into the hands of the French authorities, after being wounded, being hanged later in the public square. It is a well-known fact that after each bombardment the number of revolutionists increased until they have grown to such numbers that tens of thousands of French soldiers with all the modern weapons of war cannot cope with them, but are obliged to return to Damascus.

In reference to the bodies exposed in the public square of the city, I may say that everybody was shocked about the barbaric methods of exposing bodies. Such practice was known to exist in the Middle Ages, but that it could take place in the twentieth century was against everybody's expectations. It was a most ghastly sight to see the caravans of camels with bloody bodies tied and dangling on each side of them marching through the various main streets. Finally the bodies were laid down on the public square, while prisoners in chains were obliged to stay around them and see from time to time some of the soldiers kick the dead or spit upon them.

It is true that some of the prisoners were tried before the Court of Justice, but it was known from reliable sources that many were killed without any trial. Some of them were tortured before being killed. A very prominent, respectable man told that before his eyes fifty men were killed, one after the other, after they had been thrown from wall to wall like rubber balls. When they lost consciousness, they were brought back to life by pouring cold water on them. Then the torture began again, until they finally died. Others have reported other methods of killing inside of the prison walls. In many cases people are caught and killed and even their names are not ever known. Only occasionally, when some one of well-known family is killed, the case receives some attention, as happened on May 6, 1926, when a student, Munir Halliby, at the age of seventeen, happened to come to Damascus. On his way he met some revolutionists, who forced upon him a letter to be mailed to some French official. The young man did not even hide the letter, but carried it openly in his pocket. Arriving in Damascus, he was sent to the French Chief of Police, Mr. Bejan. Being from a prominent old family, the members of the family rushed to his rescue, imploring the highest authorities to give the youth a fair trial and to save his life. Pierre Alype, the Delegate to the High Commission, swore to the Arab Governor by the honor of France that no harm would be done to the boy, but nevertheless he was never seen again.

In the French reply in May CURRENT HISTORY it is stated that French authorities have taken stern measures so as to make certain that no abuse be committed and that prisoners be treated with complete humaneness. It depends on the definition of "humaneness." According to the statement of a very respectable man who has been the eye-witness of many cruelties committed toward the prisoners, the latter are kept in prisons similar to the "Black Hole" of Calcutta. In a room 16 by 7 meters, with only a small hole on the top, and having no other windows, 250 prisoners were kept, dying from suffocation. Others are kept in small cells whose stone walls are covered with human blood, because the authorities are in the habit of beating the heads of prisoners against the walls. Many of them are finding their death in this way. The person told this under an oath swearing by God and all that is sacred to him that these statements are true.

Other facts speak clearly of the "humaneness" of French authorities: On June 21, 1926, farmers bringing hemp and apricots to Damascus were suspected of being on friendly terms with the revolutionists. Among them were the farmers of two Arab nobles, Said Habal and Kuatly. Without any trial or investigation, all eight of the men were tied on their re-

spective camels and donkeys, and then gasoline was poured over them, and they were burned with their animals in the open field.

Prisoners of the well-educated class of Arabs who have been suspected of being sympathizers or participants with the revolutionists, have been tied with their hands and feet in such a position that they cannot move and are then left in the hot sun and at the mercy of insects. Two such prisoners were kept in an open field near Rayak and photographs were taken of them by some French officers. I met a man who told me that he had been kept in such a position by Mr. Terrier for three days in the hot sun without water. Many times prisoners have been tied to each other in a most awkward position and then they were obliged to wait until their masters were pleased to turn the machine guns on them.

The writer continues at length: He charges that French officers were guilty of looting and asserts he witnessed acts of spoliation by the officers, of which he gives details. The correspondent also very vehemently denies the implications that any religious issues are involved in the Syrian troubles. He asserts that Christians are as active in aiding the Druses as followers of any other sects. He asserts that Christians have never been in danger from Moslems at Damascus and that the stories of impending massacres are fabricated to justify attacks. He states that as a reply to the report of a proposed massacre of Christians on June 15, nothing occurred except that a group of Christians joined the revolutionists as a protest.

Our correspondent further asserts that "after the bombardment in October, 1925, when the Moslems were enraged over their homes being burned, soldiers and gendarmes were withdrawn by the French from the Christian quarter as though they were encouraging acts of reprisal, but a group of Moslems under the leadership of Emir Tahir, a grandson of the famous Prince Abd-el-Kader, tendered protection to the Christians and in consequence not one Christian suffered." The letter concludes:

We often read reports from highest French sources that calm reigns in Damascus, while the murderous cannon and machine guns are roaring constantly, shaking the houses of the city, and the wounded are rushed to the hospitals in armored cars. May be that after the great war in France, the shooting and roaring of cannon seems like a paradise, and that they may report with good conscience to the out-



AH, THESE GENTLE CHRISTIANS

—Sioux City Tribune

side world that "Calm reigns in Damascus." To those who are not accustomed to see people dragged along the streets dead or half dead to be executed in presence of crowds of children and people who loathe to see such sights, it seems horrible and most inhuman, while to others it may seem a perfectly humane treatment.

The few facts given here ought to be considered. The reader may draw his own conclusions and decide who is right. Many solid facts could be given, but the names of these people who are still living here have to be protected. You may well appreciate the need for such precautions when you realize that the same people who were once fighting against the Turks in order to gain liberty and independence, are now registering as Turkish subjects, seeking protection under the Turks to escape from a mandatory civilized government. As long as a Syrian subject is murdered without any trial, as long as his property can be taken or destroyed without any reason or explanation, as long as he can be sent to the terrible dungeon under false pretexts, one has to recognize that the Syrian has no protection and no one to whom he can turn for justice or fair trial.

Palestine

ZIONIST meetings were held at Geneva at the beginning of June and at Buffalo toward the end of the month. It was reported that 33,000 Jewish immigrants

were settled in Palestine during 1925. Since 1917 nearly \$49,000,000 of Jewish capital has been invested in the country. A plan proposed by Vladimir Jabotinsky, which advocated active opposition against Arab and British policy in Palestine, was voted down. Proposals were heard toward raising a fund among the Jews of the world of \$300,000,000 which would be used to settle 40,000 Jewish families in Palestine during the next ten years.

At the end of June an Agricultural and Horticultural Show was held in Jaffa. The exhibition was patronized by the Government and participated in almost equally by Arabs and Jews. The prizes were about equally divided between the two groups. Agricultural products, live stock, wine and silk, wool and hides were among the exhibits.

Transjordania

ALI RIDA RIKABI PASHA, Prime Minister for several years, went on leave of absence on June 16 and sent back from Haifa to the Emir Abdullah a letter of resignation. On several previous occasions the downfall of this Minister was reported, but hitherto he survived every attack. Various reasons were cited for his present withdrawal, such as that he had shown himself to be anti-British, and that the French High Commissioner de Jouvenal had requested his removal because he was anti-French.

Iraq

KING FAISAL left in July for Europe, and one of his brothers assumed the position of Regent.

Abdul Asiz Beg al Gussad was appointed Minister of the Interior, upon the transfer of Hikmat Beg Suliman to the position of President of the Chamber of Deputies. Subih Beg al Nashat, Minister of Finance, visited London to arrange with the Treasurer for the substitution of English money for the Indian money in use in Iraq. He also worked toward the establishment of an agricultural bank and the improvement of the railway system in his country.

Iraq and the Arab world generally lost a great friend in the death of Miss Ger-

trude Lowthian Bell. An observant traveler and brilliant writer, as well as a remarkable linguist, Miss Bell came as near as any European of her generation to an understanding of the Near East and the Arab mentality. The British Government, with which she had been officially associated during the last ten years, owes much of its satisfactory position in Iraq to her ability and insight. Her report on the early years of British control will always remain a masterpiece because of its clarity, comprehensiveness and completeness.

Persia

SERIOUS fighting took place during July near the northeastern frontier. About 5,000 Turcomans attacked and captured the cities of Bujnurd and Shirvan. The military garrisons were reported to have joined the invaders, who were said to be marching on the important city of Meshed. The Government took vigorous action, requisitioned all the available motor transports and rushed troops to the disturbed regions. The Turcomans were said to have been stirred up by Soviet agents, while the soldiers were said to have been disaffected because their commander was appropriating their pay.

Shortly before this invasion some troops in the Northwest revolted. Part of them were captured and executed, while the rest escaped into Turkey. Soviet agents were also accused of instigating this revolt, with a view to pressuring the Government to ratify the fisheries and trade agreements, which are distinctly favorable to Russia.

The Sixth Mejlis, or Parliament, met on July 11, being opened by the Shah with the customary ceremony. Its opening had been delayed two months on account of illegal election methods in the capital. In the Speech from the Throne the Shah called upon the Parliament to further a rapid program of road construction and to pass laws for the building of railways, the working of mines and the improvement of agriculture.

Pending the harvesting of the new wheat crop, bread continued to be scarce and of very poor quality, in spite of the great efforts of the Government and its American

advisers. A bread riot at Malayar resulted in the loss of the lives of a dozen women, who were crushed in the crowd.

Attacks upon the Shah and his Cabinet for inactivity and negligence annoyed the sovereign greatly, so that for a time he withdrew "behind the curtain." His mind was further troubled by the serious illness of his son, the Crown Prince or Valiahd. The transfer of Sir Percy Loraine as British Minister from Teheran to Athens calls

attention to the fact that during his four years of service in Persia relations between that country and Great Britain have changed from serious distrust and hostility to a normal if not a friendly attitude.

The Imperial Bank of Persia, which is a British corporation, made a maximum profit of \$650,000 during the past year. It has opened four new branches, at Birjand, Burujird, Pehlevi (formerly Enzeli) and Kirkuk in Iraq.

[THE FAR EAST]

Chinese Customs Conference Suspends

General Wu's Forces Defeated—Continuance of the Canton-Hongkong Strike—Control of the International Mixed Courts—Retrenchment Causes Riots in Japan

By QUINCY WRIGHT

Professor of Political Science, University of Chicago, and

LEONARD D. WHITE

Professor of Political Science, University of Chicago

THE military situation in China remains confused and unsettled. During the five days July 10 to 14 the Nationalist troops, based on Kalgan and occupying the Nankow Pass in Northern Shansi, were attacked by the troops of Marshal Wu and Marshal Chang. Severe fighting developed, but without decisive results. Rumors were circulated that two brigades, including 6,000 to 10,000 men, deserted to the Kuominchun (Nationalist) army, to which they formerly belonged.

In the South General Wu's forces were defeated in the Hunan Province by troops from Canton, reinforcing the troops of the Red General, Tang Seng-chi, who drove the Wu General, Yeh Kai-shin, from the provincial capital, Changsha. General Yeh boarded a gunboat and established himself further down the river at Yochow. The military position of General Wu was therefore materially weakened. Not only did he fail in his boast to drive the Nationalist troops from Nankow Pass, but also he suffered defeat in the South, which may tie his hands in the Northern campaign. Meanwhile the siege of Sian Fu

in Shansi was continued on behalf of General Wu by General Lin Cheng-hua. Representations have been made to General Wu to release eighteen British and twenty-eight American missionaries who are confined in this city.

On July 27 Lord Balfour denied reports brought to the attention of the House of Lords by Lord Parmoor that in view of the unsettled military condition joint intervention by Great Britain, Japan and the United States was contemplated.

The reappearance has been reported of the Boxer Society in the wake of the war in Shantung, Honan and other Eastern provinces, no longer, however, representing anti-foreign feelings, but chiefly a form of local patriotism. Reveling in such names as the "Red Spears," "Hard Bellies" and "Righteous Fists," they operate nominally as a local guard against scattered bands of looting and undisciplined troops.

The temporary collapse of the Customs Conference on account of the resignation or absence of the Chinese members was complete when the last remaining Chinese

delegate resigned. On July 3 the British member, stating the position of his Government, said it was "their earnest desire to implement the Washington treaty with the least possible delay and to grant the surtaxes provided therein if this should be the wish of the Chinese Government, and that they were prepared to discuss any reasonable proposals put forward by the Chinese delegation which are in harmony with the spirit and letter of the Washington Treaty." The delegates of the foreign powers, meeting at the Netherlands legation, also expressed their unanimous and earnest desire to proceed with the work of the conference at the earliest possible moment when the Chinese delegation should be in a position to resume discussion. On July 13 the appointment was announced of three new Chinese delegates, Massoo, Pan Fu and Wang Yui-tai, together with Liang Shih-yi, W. W. Yen, Wang Chung-hui and the heads of the departments of Foreign Affairs, Communications and Commerce, and Agriculture and Industry.

Eugene Chen, Foreign Minister of the Nationalist Government at Canton, promptly protested against the resumption of the conference. John V. A. MacMurray, the American Minister to China, replied, deplored the regrettable lack of unity among the Chinese, and pointing out that any readjustment under consideration has in view the benefit of the whole of China and not of any individual military or political faction.

The conference has suspended its work until Autumn, and the question is how long it will be before a Government can be established with which the foreign delegates can fruitfully negotiate. A dispatch from Peking inquires regarding the whole matter, "Did the Washington Conference contemplate taxing foreign goods in order to perpetuate senseless civil war and feed militarists who have already exhausted every other source of revenue and brought indescribable horrors upon the peaceful, farming, industrial and mercantile population?"

The salt revenue continues to be the subject of comment. A Shanghai dispatch of July 4 indicates that the province of Shantung proposed to float a loan on the security of the salt tax. The Peking salt

inspectorate ordered its Shantung branch to publish a repudiation of the loan, to which the Shantung Government responded by forbidding the Chinese newspapers to publish any reference to it not authorized by the provincial officials.

On July 15 General Wu ordered the release of the salt revenues hitherto seized and gave assurance that the collection of these revenues by the Central Government would be unmolested. He issued a telegram to the provincial authorities requesting similar action by them. A week later dispatches indicated that Chu Yu-pi Governor of Chihli, had exacted about \$185,000 (American money) from the gabelle officials in payment according to the terms of an agreement not to molest the salt revenues in the future. He retained, however, the entire revenue for three months.

Commercial activity continues to suffer, in part from the Canton-Hongkong strike, in part from irregular imposts in the Tientsin region. At Tientsin railway rates have been sharply advanced; a 2 per cent. tax has been imposed on goods crossing the river from the French to the former Russian concession; and on July 13 an extra 2½ per cent. likin was established at the Tientsin railway station. These imposts not only violate treaties but tend to demonstrate that it is impossible to abolish likin.

The Canton-Hongkong strike situation remains unchanged. The strike pickets have been making an effort by methods of terrorism to force unionization of the Canton customs employes. Many employes have been kidnaped and malreated, and the Commission of Customs was obliged for a time to house the workers in the customs building. The Chinese merchants deprecate this interference with the customs service.

Reports dated July 12 indicate that control of the international mixed courts is about to be restored to Chinese officials. Negotiations of over a year between the consular governing body and the Chinese authorities were concluded by an agreement to give China complete control of all cases between Chinese and cases in which Chinese are defendants. The international mixed courts have been under

foreign control since the Chinese revolution of 1911, handling all cases in districts containing foreign populations. The withdrawal of foreign control is said to embrace all parts of China.

The Commission on Extraterritoriality, whose work was delayed by the fighting in the neighborhood of Peking, has completed an inspection of Chinese courts and jails in Manchuria and in the Yangtse Valley. Charges were made that the tour of inspection was so managed by the Chinese officials of the Ministry of Justice as to enable the commission to examine only places where the necessary window dressing had been effected. The report of the commission is expected in the near future.

Japan

AFTER several years of negotiations the Russian authorities broke off discussion of an agreement granting the Japanese large concessions in Siberian timber, fishing and mining rights. The Japanese rejected a clause compelling them to hire Siberian labor and to observe the Soviet labor laws. An elaborate plan is announced by which the Japanese Government hopes to colonize 1,800,000 farmers on the northern island of Hokkaido.

A program of retrenchment, involving the closing of police stations has been the cause of riots in the cities of Nagano and Mikawa. Takio Izawa, graduate of the Law Department of the Imperial University at Tokio and Governor General of

Formosa, has accepted appointment as Mayor of Tokio.

A wave of resistance to authority has been sweeping Japan. More than 1,500 farmers of Kumanoto on the Island of Kiushiu demonstrated before the prefec-tural government offices, protesting against the irrigation division rules. The police suppressed the demonstration.

The Pan-Asiatic Conference in Nagasaki has become increasingly anti-Western, as has been evidenced in a dozen instances.

One is the refusal to endorse Esperanto or any other "white man's language" as the proposed universal Asiatic tongue.

Japanese officials recognized this probability and attempted in several ways to hamper the meeting of the first session, which was delayed through the Chinese urging that the conference denounce Japan's twenty-one demands.

Anti-Westernism was the only bond holding the delegates together. The conference was essentially a meeting between comparatively uninfluential Japanese and Chinese professors, as the Indians present all lived long in Japan, the Filipinos took little part and the Koreans were not permitted to speak.

A committee adopted an ambitious program, including the construction of a trans-Asian railway, the establishment of an Asiatic bank for financing Asiatic undertakings, the adoption of a common language, the forcing of racial equality on the League of Nations and the choice of a Pan-Asiatic flag.





BY FRANCIS H. SISSON, PROMINENT AMERICAN FINANCIER

THE outstanding financial events of the month were the fall of the last two French Cabinets; the decline of the franc to the lowest exchange value in its history, followed by slight appreciation; the granting of dictatorial powers to King Albert of Belgium to save the Belgian franc; and the Franco-British debt settlement, with the ensuing discussion by Winston Churchill, British Chancellor of the Exchequer, and Secretary Mellon regarding the British and American agreements with France and the Anglo-American debt settlement.

The French Government raised the interest rate on annual National Defense bonds from 5 per cent. to 6 per cent. on Aug. 1. Semi-annual bonds will bear interest at the rate of 5½ per cent., quarterly bonds at the rate of 5½ per cent., and monthly bonds at the rate of 3.60. This action is designed to reduce the number of bonds being presented for reimbursement. In Government circles, it was also explained, the increase had been made in order to keep pace with fluctuations of the exchange and interest charges. The measure will be only temporary.

The Bank of France on July 31 raised its discount rate from 6 per cent. to 7½ per cent.

The succession of political and financial crises in France resulted in a renewed downward plunge of the franc. The closing rate at New York on July 1 was 2.66¼; a week later it was 2.56⅓. The spectacular drop occurred when it became apparent that a crisis was imminent. On July 17 the market closed at 2.41¾; on July 19 at 2.12, and on July 20 the low point was reached at 1.93¾, or nearly 52 francs to the dollar. The announcement that M. Poincaré was to attempt to form a new Cabinet which, it appeared, would be supported by Parliament and invested with extraordinary powers, was followed by a brisk revival of confidence reflected in an advance to 2.19 on July 21 and to 2.27 on July 22. The closing quotation on the latter date was 2.22⅓. On Aug. 2 the franc reached 2.63½ cents, a gain of 21 points from the Saturday preceding, and the Belgian franc moved up 12½ points to 2.67½ cents, and on the following day the French franc rose to 2.73 cents, and the Belgian franc went to 2.74 cents.

The energetic policy of the Belgian Government has resulted in a measurable restoration of confidence which has served to check the downward trend of Belgian exchange. The franc, which declined in value from 2.65¼ cents on July 5 to 2.11½ cents a week later, rallied upon the inauguration of the new measures and was quoted at 2.74 cents by Aug. 3.

GEORGIA AND FLORIDA BANKS CLOSE

Between July 12 and 21, inclusive, 117 State banks closed their doors in Georgia and Florida. Many of the banks, the officials of the Georgia Banking Department said, probably would reopen, and the belief was expressed that a number of them would be found to be in good shape. Local conditions only constituted the various causes. All the banks involved had small capitalization and total resources and liabilities ranging, as of December 31, 1925, from \$15,000 capital and \$149,812 resources to \$50,000 capital and \$734,429 resources.

Capital, deposits and total resources of State banks in the Continental United States are larger at present than ever before, it was revealed in a statement made by R. N. Sims, Secretary-Treasurer of the National Association of Supervisors of State Banks, on July 19. The statement embodied a report to the annual convention of the association in Columbus, Ohio. It showed that of the 28,289 banks on April 12, 1926, 20,289 were State banks and 8,000 National banks, having a total capital, surplus and undivided profits of \$7,398,018,903, total deposits of \$54,291,833,973, and total resources of \$63,999,452,890. Deposits increased \$3,794,525,031, and total resources were greater by \$3,487,607,427 than the high record of the preceding year. All banking business in National and State banks has increased 40 per cent. since 1919, the report set forth.

SALE OF AMERICAN SHIPS

The Shipping Board on July 13 unanimously adopted the resolution of Commissioner Teller, directing the Emergency Fleet Corporation to advertise the vessels of the United States Lines and the American Merchant Lines for sale to private



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